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**THE ECONOMICS  
OF  
TENANCY LAW  
AND  
ESTATE MANAGEMENT**

**BEING A COURSE OF PUBLIC LECTURES DELIVERED  
IN THE UNIVERSITY OF ALLAHABAD  
FEBRUARY TO APRIL, 1921**

**BY**

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## CONTENTS

	PAGE
PREFACE ... ... ...	... <b>v</b>
INTRODUCTORY REMARKS ... ...	... <b>1</b>
LECTURE I.—GROWTH OF POPULATION ...	... <b>7</b>
LECTURE III.*—OTHER ECONOMIC FACTORS ...	... <b>19</b>
LECTURE IV.—LANDLORD AND TENANT ...	... <b>25</b>
LECTURE V.—CONTROL OF RENTS ...	... <b>34</b>
LECTURE VI.—ENGLISH TENANCY SYSTEM ...	... <b>46</b>
LECTURE VII.—TENANCY REFORM IN THE UNITED PROVINCES ...	... <b>52</b>
LECTURE VIII.—ESTATE MANAGEMENT... ..	... <b>83</b>
LECTURE IX.—GENERAL POLICY ...	... ...
APPENDIX ... ... ...	... <b>103</b>

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\*A regrettable mistake has occurred in the numbering of the Lectures so that there is no II. On page 34 for IV read V.



## PREFACE

This Bulletin contains the substance of a course of public lectures delivered in the University of Allahabad during February, March and April of the present year. It will be obvious that some of the lectures are not printed in full, but are more or less summarised. A few parts, more especially a review of the history of the land legislation in the United Provinces, which is accessible in other books, have been omitted altogether; and there has also been some rearrangement of the order in which the subject-matter is presented. Otherwise the contents of this volume represent the lectures as delivered.

It might perhaps have been advantageous if some review of land systems in other foreign countries besides England had been included in the lectures; but I felt that this would unduly enlarge what was already an extensive subject. I have attempted to remedy this defect in some degree by including in an Appendix to this volume a list of books which give some description of the tenancy systems of other countries, together with occasional extracts therefrom and some comments.

After reading through the lectures again in proof, the conviction grows on me that the agrarian problem in India is of deeper significance and greater importance than was indicated anywhere in my lectures. I seem to see it now as the great political question which will emerge as soon as the constitutional strife is laid to rest. It is essentially an economic problem; and one that will affect the very roots of the future prosperity of India. I think the general tendency of unenlightened public opinion will be to favor peasant proprietorship in its broad sense, including tenants with fixity of tenure as well as those holding proprietary rights. The controversy as to the respective merits of large and small holdings as a system of agriculture, will rage here

as in other countries. An outcry will be raised against depopulation when large farms are created. The greater the pressure of the population upon the land the greater will tend to be the restrictions imposed by law upon the freedom of landlords. In favor of the policy of peasant proprietorship will be urged its apparent success in France and Belgium, and the modern movement for the re-creation of small holdings in England.

I feel it necessary to point out here that such arguments will be wholly fallacious, because they do not take into account the very different economic conditions prevailing in Europe. The British Isles and all the Western countries of the continent of Europe—Germany, Holland, Belgium, France, Spain and Portugal—are essentially countries with a maritime sea-board ; and their economic development during the past fifty years has been largely conditioned by the growing cheapness of ocean transport. The cultivation of the small holdings in France, Belgium and Germany could never supply the food required by the present population. These countries, as well as England, normally draw a large part of their food-supply from the most distant parts of the world. Wheat comes from Russia, Canada, the United States, the Argentine and Australia ; meat from North and South America, Australia and New Zealand ; eggs and dairy products from Russia, Australia and Canada. The main fact, however, is the large importation of wheat ; the cultivation of which is uneconomical on small holdings in Europe. The peasants of these countries are devoting themselves more and more every year to specialized products—potatoes, vegetables, fruits, herbs, sugar-beet, tobacco, and a host of minor products, a demand for which has been created by the growing populations of the cities.

How different is the situation in India ! In normal years we export wheat and rice. It is almost inconceivable that India should ever become a country importing food-stuffs ; for by the time our industrial development shall

have proceeded far enough to reverse our position in the world's markets, countries which now export wheat will have little, if any, surplus after feeding their own populations. Whatever surplus there may be will be bought by Europe and the United States, not India. Hence we must look forward to relying for all time on our own production of foodstuffs. In a land so fertile as India a system of agriculture developed to the extent prevailing in Western Europe could easily support a population of five hundred millions at a far higher standard of living than now prevails ; but agriculture will never develop to that standard of living if the whole country is peopled with peasant proprietors on small holdings. They *must* go on producing foodstuffs by uneconomical methods, to the exclusion of the more profitable produce.

In some parts of India, therefore, *large scale farming must be developed*. In other parts too every stimulus will be needed to raise the productiveness of agriculture. My opinion is that success will only come by accepting the circumstances as we find them. Where a landlord class exists the most rapid means of progress will be the education of that landlord class to exercise its true function in the direction and improvement of the agriculture of the tenants. Where no landlord class exists the most fruitful agency will be a co-operative organization of purchasing and sales societies, combined with numerous agricultural instructors maintained by Government or otherwise. If the landlord class can be induced to take an active interest in the promotion of agriculture, there is no doubt in my mind that a higher standard of production will be reached more rapidly in *zamindari* tracts than in *ryotwari* areas. I believe that this outcome is not only possible but is the most practicable if people would only realize the nature and urgency of the problem. It is this conviction which is the justification of the point of view which I have taken throughout these lectures.

H. STANLEY JEVONS



LECTURES  
ON THE  
ECONOMICS OF TENANCY LAW  
AND  
ESTATE MANAGEMENT

INTRODUCTORY REMARKS

Proposals for the reform of land tenures always present in any country the most complex and difficult economic problems ; and where, as in the United Provinces, all the conditions are more complicated than in any other part of the world that I have heard of, there is every reason to be cautious in expressing any opinion. Throughout the past five years from time to time I have been studying the rural economics of these Provinces ; but I have always felt diffident as to expressing any final or definite opinion on the subject of the reform of the tenancy laws.

The present juncture seems, however, to be the appropriate time for stating such opinions as I have reached, although I cannot claim finality for them. The discontent of peasants of Oudh has been brought to general notice by most regrettable disturbances, and Government is proposing legislation. The future prosperity of Oudh will depend greatly upon the character of that legislation. I hope sincerely that it may be the beginning of a bold constructive policy which will lead to a progressive improvement of agriculture, and with it to a rise of the standard of living of all classes of the population.

The present is indeed the time for action, for I cannot help viewing the future in the rural districts of India with grave concern. In almost every ancient country there came with the growth of population a stage when the land came under the proprietorship of feudal landlords whose function was to protect their *villeins* and tenants, for which they were paid a rent in kind or in labor, and later in cash. Everywhere with the growth of power of the central Government these great landed chiefs degenerated and became commercialized ; they lived luxuriously in the capital cities and handed over their estates to agents for management. It was so in England in the 15th and 16th centuries, in France in the 18th century, in Russia in the 19th and 20th centuries. In every one of these countries, and others, there has followed an uprising of the peasants. In England there were the widespread disorders of 1536, repressed in the West with much bloodshed. We know that the French Revolution was largely agrarian in origin. In Ireland the pressure was relieved by emigration. In Russia the unrest of the cultivating classes, which prevailed before, was deeply stirred by the recent Great War and its social reactions. The first, or political revolution, did not affect its causes, for the Constitutional Democrats could only propose gradual reforms, and the Russian peasants were tired of promises. Then the theorist followers of Karl Marx and Tolstoy gathered strength and associated with themselves the peasant party to whom they implicitly, if not explicitly, gave license for the destruction of the land-owning class. Throughout the vast area of Russia the peasants seized the palaces of the nobles and houses of the smaller landlords, and divided up their home farms amongst them. The aristocracy of Russia is either dead, or in exile, or starving in the streets of Russian cities.

Doctrines having a close resemblance to those of Tolstoy

are now being preached in India ; but not at present those of Marx. Consequently we have a breathing space. Yet we must not underestimate the immediate growth of unrest due to two distinct groups of causes : the one purely economic and the other political. The economic cause is mainly the growth of population and a commercialized land system ; but the political is more complex. The constitutional reforms, especially the grant of the franchise to tenants, and the speech-making which has followed, are specially responsible ; but the return of soldiers and men of the labor corps from their service in foreign lands is also an important factor. At last the idea is abroad that men have rights. This is an element of progress, and should be a matter of congratulation ; but it is also an element of danger. That danger can only be averted by such changes as will adjust the economic fabric to the awakened political consciousness. It is impossible for India to continue much longer with a mediaeval land system. In Europe the transition to modern conditions came about more or less gradually ; in India, on the other hand, the most advanced civilization of the West impinges upon a social fabric and corresponding land system having many of the economic characteristics of the feudal period. The situation is for this reason all the more difficult.

It may arouse your interest in the economic problems which I am about to discuss if at the beginning of this course I give a brief general statement of the conclusions to which I have come, and which I shall proceed to justify. The most fundamental question is, what point of view should be adopted ?—What is to be the general object of our land policy ? I answer without hesitation that it is the duty of the legislature to look forward to the distant future, and not merely to apply temporary palliatives. It is necessary so to reform the land system that it may conduce to the benefit of

the whole community and may bring the largest measure of prosperity to the country. This can be done only by devising a system of land tenure the principal object of which will be to promote the improvement of agriculture. I hold that the landlord system is not bad in itself ; and that if the landlords—and in this name I include all talukdars and big zemindars—can be induced to take an enlightened view of their responsibilities, to undertake the development of their estates and to promote the welfare of their tenants, far more benefit will accrue to the country from the maintenance of the landlord system than by seeking to extend any system of peasant proprietorship, or sub-proprietorship, in which I include the occupancy tenant system. The present time, when improved methods of agriculture are receiving attention and exciting much interest in this country, appears to me more favorable than any previous period for inducing landlords to adopt more liberal methods of managing their estates ; but if they fail to realize their duties as land-owners, strong measures should be taken to dispossess them and either to replace them by better landlords, or to facilitate the purchase of full proprietary rights by the tenants. I am altogether against introducing the occupancy system in Oudh ; and believe that it must be gradually abolished in the Province of Agra. Divided control over land means stagnation.

Government has given the talukdars and zemindars their present position ; and it would be unjust to place fetters upon all of them without discrimination, *i.e.*, upon those who are good as well as those who are bad landlords. Steps must be taken to educate the landlords and their agents in the proper methods of estate management ; and some judicial machinery must be devised whereby those landlords who fail grossly in their duties shall be dispossessed. The analogy of arbitration boards in industrial disputes suggests itself, but

would need careful working out.

The Oudh tenancy system seems to have been devised with the right objects in view, but with too many loopholes for legal evasion. All practices opposed to the spirit of the Act should be prohibited by law in detail; and every effort should be made to enforce the law. At the same time, the best protection of the tenants is to raise their standard of efficiency and their standard of living, which may be accompanied by some measure of education. This will tend to decrease the competition for land and increase the labor supply for the development of industries; and at the same time it will put the tenants in a position to protect themselves by obtaining enforcement of the law. To reach these ends there are many reforms in which Government must directly concern itself. The most important is the consolidation of scattered holdings. This is to be followed by demonstration of improved agricultural methods, and by distribution of improved seed—through the agency of the landlords, if possible. Assistance needs to be given in the draining of land by the construction of main drains to all villages where the land requires drainage; irrigation facilities should be extended, not only from the canals, but also by grants of loans through the Agricultural Department for the construction of wells and small pumping schemes. The staff of the Agricultural Department needs to be enormously increased; and if officers be rightly chosen every pice of such expenditure will be highly remunerative to the country.

Agriculture being the greatest industry of the country, technical classes in this, and in estate management, are even more necessary than technical schools for industries. Everything should be done to encourage talukdars and zemindars to study agriculture themselves, and to improve the cultivation of their home farms. They may then become interested in improving their tenants' cultivation and may

come to realize the great possibilities of advantage to themselves as well as to the tenants and to the country as a whole. The standardization of methods of estate management, including forms of lease, of receipts for rent, and of compensation for tenants' improvements, must be taken up at once ; but at first in a manner definitely regarded as experimental. The English law of landlord and tenant, and especially the Agriculture Holdings Act of 1908, will provide useful analogies.

## LECTURE I

### THE GROWTH OF POPULATION

It is necessary at the outset to gain a thorough insight into the economic laws governing the growth of population and its relation to rents. This subject is but little understood, which is unfortunate, because of its supreme importance. It is necessary to understand the part played by the standard of living in determining rents as well as wages. Economists are now agreed that the standard of living to which a class of workers has become habitually accustomed is a factor of prime importance in determining the rate of wages which they will receive ; for should a reduction of wages below that necessary to maintain the standard of living begin to occur, either as a result of falling demand for the commodity, or from an increase of that kind of labor, the workpeople resist the fall by every means at their disposal. It will be found that they tend either to transfer their services to other industries or to adopt a powerful trade union combination. In one way or another the standard of living reached by that class of workers is maintained and the market price of the commodity they produce must be based upon it. Of course, there are occasional instances of dying industries in which the standard of living of workers does actually decline ; but in almost all employments after a wage rate has been reached

which permits a certain advance of the standard of living to be maintained for a period of, say, four or five years, any subsequent reduction of that standard of living is strongly resisted.

Now cultivators are a class of agricultural workers who in addition to laboring themselves undertake the risks of the success of their agriculture. The standard of living which they reach operates in exactly the same way to maintain their earnings. The cultivator carefully calculates what he is likely to be able to realize from crops upon land he proposes to rent and what his expenses of cultivating will be. In competing to rent more land a cultivator will not, as a rule, offer more rent than can be paid according to his estimate without reducing their average earnings. His average earnings during the past few years usually determine pretty closely the standard of living adopted by a man ; and when a class of people has become accustomed to a certain standard of living, there will not be higher bids of rent than will enable them to maintain their accustomed standard of living. Whilst this is generally true, it has to be remembered that in every community there are persons incapable of making a careful estimate, and others who are over-sanguine or of reckless temperament who will offer any figure however high in order to obtain the particular piece of land on which they have set their fancy. One of the evils of letting land to the highest bidder is that good cultivators are turned out in favor of such men, who exhaust their resources in two or three years and desert the holding, leaving it in an impoverished condition. Where lettings are made without auction, however, the level of rents is determined, other things being equal, by the standard of living. The qualification "other things being equal" is of course very important ; for in actual practice other things never remain the same. It will be found that rents do actually rise at the same time that

the standard of living is rising. This is either because a higher level of prices has permitted the standard of living of cultivators who raise commercial crops to rise, and rents at the same time ; or because the total production of agriculture is increasing owing to the improvement of methods of cultivation. The increased produce becomes divided between the cultivator and the landlord ; but the share which the cultivators retain depends largely upon how far the standard of living of their class rises at the same time.

There are some important features of the standard of living which require our attention. It appears to be a general economic law that when the standard of living is low, practically at the subsistence level, it is difficult to raise it, and when it has been raised from this low level it is easily depressed again by adverse economic forces. In the cotton-growing districts many of the cultivators did exceedingly well during the last three or four years of the war ; and undoubtedly their standard of living was beginning to rise. It is probable, however, that the present collapse of prices occurring whilst cultivating costs are still high is depressing them again to the old standard of living. As soon as a moderately high standard of living has been attained and become fixed in a certain class they exhibit both a capacity to rise further more easily, and a strong resistance to any depression of the standard of living.

The standard of living of the great mass of the rural population throughout the larger part of the Ganges Valley, and in fact throughout most of India, is merely at the subsistence level ; and their earnings must rise and fall in proportion with the cost of living. It has been observed in Europe that the higher the standard of living of any class of the population the less prolific it becomes. Various causes such as the education of both men and women combine to reduce the birth rate in any section in which a higher level

and variety of wants is developed. This applies as much amongst the upper classes in India as in Europe.

With regard to the present problem of Indian rural conditions, it is important to note, however, that the tendency of a high standard of living to limit the growth of population does not come into operation until a very high standard has been reached. The first effect of increased earnings on any class of people who are at the subsistence level is to reduce the action of the positive check of starvation and disease, and to allow a more rapid expansion of the number of that class. It will need, therefore, a considerable and rapid expansion of earnings to lift the mass of cultivators to such a standard of living as may begin to restrict the growth of population.

A further analysis of the population question is necessary. It will then be seen that the benefits supposed to accrue from a peasant proprietorship or ryotwari tenure are, in fact, largely illusory when the standard of living of cultivators is very low. We may consider four different cases : the first of these is hypothetical, and the rest are more or less reproduced in actual conditions in India. In the first case we assume the peasant cultivators with low standard of living settled in a country where there are no landlords, and where the Government exacts no land revenue or taxes whatever from small cultivators of, say, less than 50 acres. It does not matter how the Government manages to exist : for our purpose the important point is that out of the gross produce of agriculture in any given district of small cultivators nothing whatever goes either to the maintenance of the Government or the support of a landlord class. In these circumstances, the cultivating population whose standard of living is very low can go on increasing in number ; and they will do so until the limit of the sub-division of holdings has been reached, that is to say, the minimum size

of holding which will support a family. Once this limit has been reached the increase of population ceases, the condition of the greater section of the people degenerates until the positive check of starvation and disease keeps the death-rate equal to the birth-rate. The important point to notice for our present purpose is that in these circumstances the land supports the maximum population possible with a given technique of agriculture and industry. Furthermore, it is to be observed that all improvements of agricultural methods which can be adopted by an illiterate population with low standard of living will merely tend to increase the density of the population in the district, that is the number per square mile. Facilities granted for cheap credit, and even permanent improvements of the land, will have the same effect: they merely increase the number of persons living on the land per square mile. In comparing the four cases of different land tenure, however, I assume that the method of cultivation and the degree of the improvement of the land is the same in every case. All conditions must be the same excepting only the difference of tenure.

In the second case we may assume conditions which are familiar under the name of ryotwari tenure. The cultivators hold their land subject only to payment of revenue to Government, and there are no landlords or other intermediaries. In this case the gross produce of the land is not entirely available for the support of the rural population, consequently the population cannot multiply to a density equal to that of the first case, and the minimum size of holding for every grade of land must be larger.

In the third case let us assume that the cultivating population pays rent to a landlord class who pass on a large proportion of it as land revenue to Government; but that there are various restrictions upon the increase of rentals, by occupancy rights and so forth,

so that the landlords cannot obtain the full economic rent. In this case the gross produce has to support not only Government but also a landlord class, and the minimum size of holdings will again be larger. It is worth noting in passing that the landlord class living upon rents is itself liable to multiply in number by natural increase within the limit set by its standard of living ; and, in so far as rents cannot be raised, the younger members of the landlord class are largely squeezed out into occupations in the cities or foreign countries. Yet according to Hindu Law they take their share of the rentals with them.

In the fourth case let us assume that all the land is in possession of the landlord, and that there are no legal restrictions on the increase of rentals so that the tenants pay practically the full economic rent, keeping to themselves merely a margin of subsistence. In this case the gross produce supports the Government and the landlord class, and a smaller number of cultivators, and the density of population is the least of all the four cases.

The important point to be observed is that from the point of view of the cultivating class, there is not much to be said in favor of any one of these systems as against another, for in every case the cultivating class having a low standard of living will find its earnings sooner or later reduced to the mere level of subsistence. The advantage commonly urged in favor of either of the first two classes, that is, peasant proprietorship, that the peasant has every encouragement to make improvements on his little farm, because he is likely to reap the full benefit of them is largely illusory, because the more such improvements are made the smaller becomes the holding on which the average cultivator has to support his family. There is no getting away from the fact that it is the standard of living which is the chief factor in regulating the earnings of the people.

It appears therefore that these various systems of land tenure differ ultimately only in the maximum density of the rural population which they permit for a given soil and climate. There is indeed much to be said in favor of the landlord system on grounds which I shall presently explain. In passing it is worth noting that relief to the growth of population, which would enable peasant proprietors, or others with fixed tenure rights, really to profit by improvements they might make, could only result from an active emigration of nearly half the number of the younger people of each generation either to newly opened agricultural tracts or to cities of growing industrial importance.

It is obvious at the very commencement of our enquiry that, in a country whose economic condition is stationary, or in which the economic development is slow, the character of the land tenure makes practically no difference as regards the welfare of the cultivating population, and that the only difference is in the ultimate density of the population. It may possibly be a question of controversy as to whether a large population is in itself a desirable object of statesmanship. There have been periods in the histories of many countries, if they appeared to be threatened with invasion by a foreign power, when the increase of population seemed to be of paramount importance. Yet even here it has to be remembered that a small population with a high standard of living may be more efficient in the defence of the country than a vast population existing merely at the subsistence level. For my own part, I would unhesitatingly say that a large population is not a desirable end ; and I shall assume throughout the rest of this course of lectures that the aim of the economic reformer should rather be to restrict the growth of population and to raise as large a proportion of the people as possible to a high standard of living.

We have not, however, finished with the difficulties inherent in the growth of population, for we may observe that it appears to be almost impossible to avoid a landlord class coming into existence in any tract of country which is highly fertile and where the standard of living of the cultivating class is low. Let us contrast the highly fertile land such as that of the Ganges Valley eastwards from Allahabad to the alluvial lands of Bihar, with the barren hills of parts of Central India or the rocky valleys of the foot-hills of the Himalayas. In those barren lands the cultivator with difficulty ekes out an existence on a holding of, say, 12 acres, and paying only about eight annas per acre revenue. The land is so unfertile that the gross produce can hardly expand sufficiently to support a landlord class. Particularly is this the case where the unfertile but cultivable land is scattered amongst absolutely barren wastes, for there no landlord can find a profit in the task of supervising his estates and collecting the very small rents which alone are possible. Consequently in such regions we generally find no landlord class.

On the other hand, in highly fertile regions, even if the population is first settled on the land with proprietary rights from Government at quite a low revenue, there is no reason to suppose that the landlord class will not in course of time arise as a mere result of the economic conditions. The gross produce from the land is capable of considerable expansion by more intensive cultivation. Here and there a cultivator is ambitious and saves a little capital which enables him to work more land. It pays him either to break some land from the waste if available or to rent some fields or to work on some system of sharing with the owner. Often he will save enough to purchase the proprietary right. In the course of years an energetic man will manage to buy so much land that he need not live wholly by his own

cultivation, but can let out much of his land. If still ambitious, he will continue to save and buy more land ; and ultimately he will live solely on the rents of his small estate. The sons brought up to hard work may follow his example and greatly extend the family estate ; but *their* sons brought up to an easy life are content with living on the proceeds of their father's savings.

There is another way in which the landlord class develops where no law prevents it. When the land is fertile, the cultivator can in ordinary seasons expand his income by greater labor, or some one else in his place can do so. The *bania* or *mahajan* trades on this fact and advances money to the cultivator on mortgage of his holding. Many of such loans are not repaid, and the land falls into the hands of men of the merchant and financial class who rarely make good landlords. The latter form of encroachment on peasant proprietorship has been to some extent retarded by Land Alienation Acts ; but, as in the Punjab, if the trading castes are excluded from the proprietorship of land there soon arise money-lending individuals amongst the cultivating classes, and the same result ultimately ensues. Throughout the ryotwari tracts of India, and the great canal colonies, the gradual formation of a landlord class is going on, wherever the land is sufficiently fertile ; and it may be doubted whether any law can stop it. Even if rents were made irrecoverable at law, this would not prevent a man letting his land to villagers whom he knows to be trustworthy men and whose interest it would be to pay the rent regularly lest they should be turned out as trespassers. Farming through tenants who are nominally partners is also another device which no law can prevent. Hence it appears to me impossible for any law to prevent the growth of a landlord class where the economic conditions permit it, when the one essential condition is satisfied, namely, that there is a large

body of cultivators with a low standard of living.

It must not be thought that I would argue from this that it is *desirable* to establish the landlord and tenant system everywhere. As I shall point out shortly that system is capable of being the most advantageous to the country, but it may also be the worst system. We must always keep in view therefore the "principle of variety," namely, that it is good for every country to have differences in different parts. Differences of tenure are quite possible even in the same district; and there is no reason whatever to aim at creating uniformity, except of course as regards the particular privileges and obligations which may be imposed upon landlords and tenants.

Having seen that the growth of a landlord class cannot be altogether prevented in rich tracts, but only retarded, it may be well to enquire whether a landlord class is a desirable part of the commonwealth. If it is not, steps could be taken to abolish it by forcing sales of proprietary rights to tenants, or by state acquisition, by retarding the subsequent re-aggregation of holdings, and again abolishing landlords' estates every thirty years or so if necessary.

I think we shall be agreed that the only justification for the continued existence of any class of persons being favorably regarded is that they contribute something definite to the well-being of the whole community. An important aim of economic policy always must be to rid the country of the parasitic classes of persons who simply live upon the hard work of others without contributing directly or indirectly to increase the total production of the community or to promote religion or learning or culture and social enjoyment. The criterion as to whether it is good for a country to have a landlord class or not depends, therefore, upon the character of the men composing that class, and what view they take of the responsibilities of their position. If the

landlords are good, it is better for the country to have the landlord and tenant system rather than peasant proprietorship ; on the other hand, if the landlords are bad and merely parasitic on the community, they drain the other classes of wealth and produce nothing in return. It is better to have peasant proprietorship than a landlord and tenant system with bad landlords.

This necessarily brings me to consider what a good landlord should be—what his functions are in regard to his tenants, and in relation to the community at large. To answer this question in a few words, I should say that the landlord ought to be the brains directing the agricultural operations on his estate. It should be his object to raise the cultivation by his tenants to the highest possible standard in outturn and profit. He should see to all the wants of his villagers—provide good wells and suitable sanitary arrangements. Above all things it should be his particular duty to carry out permanent improvements of the land both by erecting buildings and fences and by making drains and other works. He must manage to save from the revenue of the estate a sufficient amount in every good year to enable these improvements to be carried out. Having the good-will of his tenants, they can in fact be very cheaply carried out.

This brief suggestion of the landlords' duties will be elaborated in a later lecture. It is perhaps sufficient to show that he has a highly important place in the agricultural economy of the nation. If he understands and exercises his duties, agriculture will be progressive, the condition of tenants will improve and a spirit of co-operation will replace the existing animosity. Some grumbling we must always expect,—for is not that the prerogative of farmers all over the world ?—but there is no reason why a general spirit of mutual understanding should not prevail between

landlord and tenant, the causes of friction being reduced to the least possible by a standardised system of leases, which include conditions requiring good cultivation from the tenants. Every tenant when admitted must know exactly what is expected of him ; but discipline also must be maintained, and for this reason the landlord's power of ejection is an absolute economic necessity. It should be the landlord's business to see that every piece of land is devoted to that use in which it will be most fruitful, and to see that no tenant by his negligent cultivation damages his neighbor's land or crops. The great and difficult question into which the problem resolves itself is how to teach the landlord class their true economic function and induce them to exercise it.

## LECTURE III

### OTHER ECONOMIC FACTORS

Perhaps the most important conclusion of my first lecture was that relating to the function of the landlord class in the national economy. It will be remembered that I stated that if they understand and exercise their business they ought to be the brains and organizing power of the agricultural industry. Their guiding hands are needed to promote progress and safeguard efficiency. Consequently the landlord must not only usually be a resident upon his estate—he should also look upon his duties as a profession. On the other hand, absentee landlords who merely receive the rents which their agents can exact from a zemindari which remains unimproved are a drag upon the nation—socially a parasitic class. We saw that peasant proprietorship was better than a system of rent-receiving absentee landlords ; but that the best system of all for the promotion of the country's economic welfare is a landlord system with a class of resident landlords who take a vital interest in their tenants and the promotion of agriculture.

In the present lecture I propose to consider the economic conditions under which agriculture is carried on and the relation of the landlord to them. This will provide us with useful ideas as to the financial aspects of the landlord's business ; and when in possession of this information we may proceed in future lectures to see how the tenancy law may assist the landlord in the proper conduct of his business whilst yet offering to the tenant all necessary safeguards.

There are certain broad economic movements which in their progress automatically affect the landlord's position, sometimes advantageously and sometimes adversely. These he, as an individual, and even as a class, is powerless to alter ; but he should make it his business to be acquainted with them so that he may swim with the tide, so to say, making use of every opportunity of adapting the control of his estate to the trend of economic forces.

We saw in the last lecture how population continually tends to grow. This of itself alone increases the competition for land and so enlarges the economic rent. Hence, the landlord, with no exertion of his own, can get some increased rental by the mere lapse of time. Another factor tending greatly to increase the total money produce of agriculture and the net surplus retained by landlords is the development of communications, particularly cheap transport over long distances by rail and river, and the development of roads for linking up the railways with the larger villages. Herein, if they would but realise it, lies the most profitable field of activity for zemindars and talukdars, in stimulating the district boards to embark upon extensive programs of road improvement.

The effect of cheap long distance transport is to revolutionize the system of agriculture, changing what has formerly been of necessity a subsistence economy into a commercial economy. When there are no railways and no roads every small group of villages must be practically self-sufficing, and its inhabitants must grow a little of every kind of product they require whether the soil be suited therefor or not. When long distance haulage is cheap, on the other hand, it is possible for every part of the wide territories of India to specialize in growing those crops for which the land and climate are most suitable in each place. By this means the produce of capital and labor applied to the land is very

greatly increased—in far greater proportion than the mere cost of transporting the produce from one part of India to another. This specialization has already begun in parts of India; but there is room for very great progress in this direction, and there are few things more profitable to which the landlord can turn his attention than to discover those crops which are particularly suitable to his locality and to induce his tenants to take up their cultivation.

An important economic force which affects the welfare of both landlords and tenants in different ways is a change of the general level of prices. The effects of a general rise of prices such as we have recently experienced are very complicated, but the main features are these. The tenant who cultivates crops for sale should gain theoretically, but actually he derives only a partial gain; for much of the benefit of the rise of prices is absorbed by intermediate merchants and village money lenders. Such advantage as has accrued to the tenants from the rise of prices during the war has not lasted long enough permanently to raise their standard of living, and the increase of population will rapidly depress them to their old condition on the subsistence minimum. The landlords have suffered by the rise of the cost of living, because they could not increase their rents to provide increased profits in proportion to the rise of the cost of living. The latter has certainly risen fully 40 per cent since 1915; but in this time the Oudh landlords could only, according to law, increase their rents on the average about 5 per cent, or their profits, assuming the land revenue to remain unchanged, by about 10 per cent. For this reason some of them have been forced to adopt practices contravening the spirit of the law.

When a general fall of prices comes, as it must come, the events will not be merely reversed. The advantages which it might be thought the tenant class had

derived from the rise of prices have in fact been largely dissipated in the manner I have indicated ; and it will not be possible to reduce the cost of cultivation or the population. Consequently with falling prices the landlord class will not be able to go on increasing their rents. They may keep the rates of rents stationary, but will have increasing difficulties in actually collecting them. New settlements will gradually absorb much of the advantage they might secure from a falling cost of living. The economic conflict between the two opposing classes is bound, therefore, to become more severe so long as landlords remain mere rent-receivers. Harmony can only be attained by inducing the landlords, and then permitting them, to exercise their true function of organizers and directors of the agricultural industry.

A full understanding of economics tells us clearly that the welfare of the Indian people demands the increase of the produce of the soil to the maximum. What we need is the greatest yield per acre of every crop, grown in the locality which suits it best. Increase this, and the wealth circulating throughout all classes of the community is bound to increase : this will stimulate industries and provide the means for a higher standard of living amongst all classes.

An important distinction is to be drawn here between increasing the net produce and the gross produce of agriculture. The former may be achieved by cutting down the costs of cultivation, particularly by displacing labor by machinery, by replacing intensive by extensive farming, by converting arable land into irrigated pasture for cattle and sheep raising. These may prove most profitable branches of farming enterprise, and within reasonable limits will be beneficial—particularly where applied to lands now waste. The improvement of the profits of cultivation is not, however,

the policy which will be the most beneficial to the country as a whole, in so far as it is achieved without increasing the total wealth produced from the soil. What is needed is that the primary industry—agriculture—shall, from the lands of India, put a larger total of wealth into circulation every year. Agricultural experts are unanimously of opinion that the average yield of produce per acre in India could be doubled, and in many parts even trebled ; and the effects of this in providing cheaper food and cheaper clothing for the whole population, and in setting free labor for the manufacture of machinery and of luxuries, would be almost beyond the imagination. The result would be the raising of the standard of living to that of a European country. It is essential, therefore, that the tenancy policy should aim at increasing the gross produce of the soil to the utmost.

This great economic advance has to be achieved by the investment of a great amount of capital in the land, and in the livestock and implements of agriculture, and by the diffusion of knowledge and organization. My contention is that this can best be effected through the agency of the landlords who should be stimulated and assisted to develop their estates.

Proceeding, therefore, to consider the economic development of estates we may adopt the following classification of the various ways by which the productive capacity of an estate may be improved : (1) permanent improvements—wells, pumping schemes, farm buildings and granaries, silos, drains, fences, etc. (2) establishment of a better tradition of cultivation by “trying out” various new methods and retaining those which succeed, and (3) improving and maintaining the strains of plants and animals by selection and breeding. The economic benefit to the whole country by having these improvements carried out by landlords—and

they alone can do them on an adequate scale—would be incalculable ; and it may be pointed out incidentally that landowners will largely increase their rent rolls by such intelligent development. Obviously this is a perfectly justifiable enlistment of self-interest, which will be an important factor in securing the economic development of the country.

It is a most important principle that the tenancy system should be such as to provide due incentive to make an improvement for the person most capable of initiating it. The tenant, short of capital and with scattered fields, can never do anything appreciable : the landlords must somehow be induced to take the initiative.

It must not be thought that I recommend a tenancy policy which merely aims at increasing the profits of landlords to the maximum. Quite the reverse. I want them as a class to work for their living. I am convinced that it will be in the country's interest to go through a stage of the development of agriculture by landlords ; and means must be found to achieve this. My ideal is the paternal landlord, studiously organizing his estate, benevolent to his tenantry and occupying a central position in the social life of the country-side.

## LECTURE IV

### LANDLORD AND TENANT

The preceding lectures have been devoted to an analysis of the economic factors which affect the relation between landlord and tenant. In the present lecture I propose to deal with their relations from the point of view of the efficiency of agricultural production ; and thereafter to seek the principles which should regulate the tenancy law in accordance with the economic generalizations which have been explained.

The true function of the landlord class is to act as the organizers of the agricultural industry. They must learn improved agricultural methods and then arrange that their tenants may learn them. It is their function to attend to the development of their estates. It is also the duty of the landlord to dismiss bad cultivators, giving compensation for any improvements made by them, and to select and encourage those who are the best husbandsmen. The wealth of the country depends very greatly upon the efficiency of agriculture and it is only by seeing that the land is in the hands of those who can use it best, that the maximum of crops can be raised from the available land. It is necessary to aim at the maximum of wealth production per acre, and also at the same time to secure the maximum of output per head of the population engaged in rural occupations.

The most efficient unit of organization in the agricultural industry is not the holding of each cultivator, unless these holdings are large farms of hundreds of acres each. The realization of this has led to the development in some

countries where peasant proprietorship prevails of agricultural co-operative societies for the combined purchase and sale of produce. Such co-operation is suitable for any country where democratic ideas prevail, and where a sense of freedom and independence are valued beyond many of the material goods of life ; but the co-operative ideal can only be successfully translated into practice when a certain stage of education and of social and political development has been reached. In my opinion India has not yet reached that stage ; and co-operation can have but little effect in the improvement of agriculture in India.

The alternative unit of organization is the landlord's estate. Here there should be a spirit of co-operation between landlord and tenant, the landlord being the guide, philosopher and friend of his tenants ; but also their master. No industrial concern can be successfully managed unless discipline be enforced. If a landlord's estate is to be managed to the greatest economic advantage of the country, a certain measure of discipline must be enforced on the estate. No tenant should be at liberty by his carelessness, ignorance or negligence in cultivation to exhaust the soil, or to damage the crops of neighbouring tenants, as when he neglects to clear his land of weeds, or drains his fields into those of his neighbor, or lets his cattle stray. For the prevention of contagious diseases amongst animals, for economy of fuel and manure, there are certain rules of estate management, the observance of which should be insisted on by all good landlords. We may rightly see in the landlord who exercises his agricultural function an employer of labor who, instead of engaging a large number of laborers directly under his control, hires out the use of his land, improved with a certain amount of his capital, under certain conditions which will ensure the working of the whole estate to the mutual advantage of the landlord

and all his tenants. This is the ideal which has been evolved in England and is applied in practice in the English tenancy law.

The conflict of ideals between the peasant proprietorship with co-operative organization, and the highly organized landlord's estate is liable to lead to much loose thinking, and consequently to very ill-advised measures of practical endeavor. In India the public, finding that only a few landlords realise the position they should occupy in the agricultural economy and exercise a useful function, has turned very widely to the co-operative ideal. Much effort has been expended ; but the ground has not proved fruitful. Co-operative credit societies are flourishing in considerable numbers ; but with how little effect in the improvement of agriculture ! The number of co-operative societies in these Provinces which are really promoting the progress of agriculture by distribution of better seed and implements or any other way could be counted on the fingers of both hands. The fact is that the rural population of India has not yet arrived at the stage of educational, social and political development in which alone co-operation can influence efficiency or production. Even if such an educational and social development had been reached, the system of scattered holdings on minute fields effectually prevents its being efficient in application.

There is no doubt in my mind, therefore, that the agricultural organization most appropriate to the stage of social development in India is the landlord and tenant system with fairly large estates, and a certain number of large farms worked by gentlemen farmers.

As to the economic efficiency of the landlord system when operated by a class of landlords who understand their business and practise it, there can be no question ; but it must be understood that, as pointed out in my first lecture,

the landlords should earn their living by exercising their true function as the brains of the agricultural industry. If they do not do that, they merely waste the substance of others and are a burden on the community.

The landlord exercising his proper function as guide, philosopher, friend and master of his tenant is, indeed, a high ideal. It is nowadays the fashion to praise everything democratic and everything tending to the freedom of the masses. But the true ideal must be relevant to the state of development of the people, and with this important principle in mind, I maintain that the landlord exercising his true function is the highest ideal for the conditions now prevailing in India or likely to prevail within the next fifty or hundred years. The broad fact is that the people need leaders ; I do not mean the "stump orators" who merely stir their emotions, I mean men of action who can direct the work of others. The nature of that leadership cannot be set forth better than by Ruskin whose writings on industry have not received the attention they deserve. Let me refer you to some passages in his book entitled *Unto this Last*. Ruskin wrote in words relating to England—an industrial country—so his illustrations relate naturally to commerce and manufactures, but we can easily see the application of his principles to landlords. Translating his ideas to the realm of agriculture we easily see that it is the landlord's function just as much as that of his tenants "to provide for the nation"—he with his brains and his savings, they with their hands. The tenants are his children—they need his guidance, his support. With them he can rejoice, and with them he must suffer. "The manufacturer in any commercial crisis or distress, is bound to take the suffering of it with his men."\*

And men will ever honor the landlord who thus regards

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\* *Unto this Last*, Section 24.

his function and faithfully strives to fulfil his duties ; and men will despise the landlord whose sole interest is his swelling rent roll—careless of the struggles of those who pay, himself contributing nothing and living in luxury. He is rightly despised.

This leads me to notice a by no means pleasing feature of the changing economy of these Provinces. I refer to the growing habit of purchasing land as a mere investment of capital. Lawyers and wealthy merchants who have money to invest are keen on buying zemindari estates. The purchaser continues his occupation in the city and puts an agent in charge or sometimes continues the former agent. Land is bought and sold merely on the estimate of its earnings to the owner. The total annual collections are ascertained and from this is subtracted the revenue payable to Government, and the balance is called the profits. The price paid by the investor varies from 25 to 30 years' purchase of the profit, representing a yield of 4 per cent or less upon his money. This seems peculiar in view of the fact that the yield on the most convenient security in India, namely, Government loans is 6 per cent per annum. The investor in land is probably influenced partly by an anticipation of an increased profit and partly by his desire for the social status conferred by being a zemindar or rais. It cannot be that the majority of such purchasers of land are good landlords. Indeed many of the troubles between landlords and tenants, for which the remedy must be provided are due to the new owner taking a purely commercial view of his property and trying to exact that increase which he has anticipated, and also to his lax control as an absentee landlord, over his agent and his subordinates. I shall have to refer again to this difficult problem in a later lecture.

The principles which should govern the relation of the

State to landlord and tenant now require our attention. The general principle upon which the greater part of our legislation is based is that which Sidgwick calls "The individualistic minimum of governmental interference." \* This seeks to realize the greatest happiness of the people by allowing the maximum of freedom, and imposing restraint only so far as to prevent definite injuries by physically or economically stronger persons on the weaker, and in general to avoid infringements of liberty. There are, however, two other important principles on which legislation is sometimes based—the paternal principle which regards it as the duty of the State to make laws guiding the conduct of persons for their own benefit, as for example, prohibition of consumption of alcohol or smoking by children ; and on the other hand the socialistic principle in which the State definitely interferes and concerns itself with the welfare of the whole community. There is no reason to object to the socialistic principle for land legislation in India, excepting on the ground of the difficulty of securing its enforcement, as will be seen in an example which I shall mention later. The principle of the minimum of interference is undoubtedly that which will lead to the best practical results, for if the legislation be well devised with due consideration of all the economic forces and social tendencies acting on the population affected, considerable results may be obtained with a degree of interference which is easily enforceable, and liable to produce but little friction or irritation. The paternal principle of legislation may also be kept in view as applicable to this case so far as the conditions allow of enforcement.

In relation to the land the State really occupies a two-fold position. In the first place the State is the superior landlord of the whole country. This still remains a legal

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\* *Elements of Politics*, 2nd ed., p. 44.

fiction in England where even freeholders are tenants of the State free of rent. In India the interest of the State in the land is closer, and the practice of making temporary settlements by actual contract with zemindars is evidence of that position, although it is a fact that zemindars, talukdars, malguzars, and other holders from the State are rapidly gaining the position of freeholders in England subject to a land tax revised at intervals. My own view is that the degeneration of the State's interest in the land should not be allowed to proceed further, and that it would be beneficial to the whole community if the State were to assert its rights of overlordship.

Just as the good landlord looks after the welfare of his tenants and assists their agriculture, so the State should take a fatherly interest in the affairs of the landlords and see that they conduct their business properly. Arguing from this point of view we shall easily see that it leads to an important conclusion : namely, that there is no objection on principle to putting definite estates as such under special treatment, whether it be in accordance with special rules laid down by the Board of Revenue under provisions of an Act or whether it be by some more direct form of administrative control.

The other relation which the State has with land is the application of general law. Legislation as between landlord and tenant is framed mainly with the object of preventing abuses which arise on a minority of estates. Legislation on the principle of the minimum of interference must be applied uniformly to all land throughout the Provinces. If such laws be designed in sufficient detail to control all possible abuses in the management of land, they cannot fail to be highly burdensome to good landlords, and needlessly so, because the good landlords do not need control.

My conclusion is, therefore, that the law as between

landlord and tenant which is to be applicable throughout the Provinces should be as simple as possible in its provisions, and be capable of almost complete enforcement. Such evils as the law cannot anticipate or provide against, and such as could only be provided against by prohibitions which cannot be enforced, must be controlled in a different way by the paternal action of the State, which must then step in and adopt such special measures as are needed to meet the case in regard to each particular estate.

When we come to examine the main features of the existing Tenancy Acts in these Provinces we see that the development of the law has depended upon the existing circumstances from time to time. The tenancy law has never been thought out with a view to securing the future progress of agriculture. A fixed system was established which prevents progress. It is true that provisions were made in both the Agra and Oudh Tenancy Acts to encourage the making of improvements both by the landlord and tenant : but for various reasons these have worked unsatisfactorily in practice. The great need of the present time is an elastic tenancy system which will give opportunity for the progress of agriculture. It should not be inferred that I think that the proposals which I shall make for present adoption could advantageously have been adopted twenty or thirty years ago. In my opinion the time is now ripe for the first time for a great effort to liberalize the relations between landlords and tenants, and thereby to secure agricultural prosperity.

Recent experience has shown that even the most elaborate tenancy acts are incapable of controlling bad landlords. The public have become well acquainted with some of the abuses practised in Oudh such as the wholesale ejections, the heavy nazrana and the enforcement of *begar*. It should, however, be realized that it is only on a minority

of the Talukdars' estates that these practices are pushed to the point of oppression. Many of the Talukdars are good landlords who manage their estates in accordance with the spirit of the law and within the customs of the locality.

## LECTURE IV

### CONTROL OF RENTS

The conditions in India are so different from those of England that any proposal to adopt the English system of landlord and tenant as it stands would be absurd. Nor is it to be supposed that the English system is itself perfect. Yet its main features have been developed in accordance with the requirements of progressive agriculture, and it stands as the result of long continued experience of what is practicable in working. In India, however, we have a system already established which has created not only proprietary rights in the soil, but also various sub-proprietary rights. These cannot be ignored ; and however unfortunate it may be, it is clear that, as they were allowed to be created their existence has to be recognized ; and equity demands that they be allowed to continue, or that compensation be paid for their extinction. Another difference is that in India over 95 per cent of the cultivators are illiterate ; they are ignorant of the ideas and methods of improved agriculture, and for the most part hopelessly in debt : whereas the English farmer is literate, though often badly educated. He is acquainted with a more advanced system of cultivation ; and when in debt, this has usually been incurred in purchase of stock for his farm and for other productive purposes. Yet the Indian cultivator is intelligent and alive to his own interests. The cultivating castes, such as *Kurmis*, are industrious, and have a wide knowledge of crops and the existing practices of cultivation, and the necessary judgment to do the right thing at the

right time. A very great difference is that the practice of estate management as an art of running estates on proper business lines and developing their productiveness is hardly comprehended in India; whilst in England such knowledge and practice is widespread. It will be my object in the next lecture to indicate the extent and the direction in which the English law of tenancy and practice of estate management may be applied in the existing Indian conditions with the object of commencing a continuous policy of development in that direction.

You may not be convinced, however, that I am at liberty summarily to dismiss as fallacious or impracticable the various proposals for improving the tenancy system of these Provinces which have recently been put forward. I propose, therefore, to examine briefly and critically some of those which have come to my notice. The solution of the Oudh tenancy trouble most frequently offered is the adoption of the system of occupancy tenancy as it prevails in the Provinces of Agra or Bengal, or any similar system. It is generally conceded that the right of sub-letting should be strictly limited; and some would go so far as to limit the right of succession to the widow and the immediate heirs of the deceased, excluding collateral relatives. A somewhat similar, but less drastic, proposal for Oudh is the conversion of the existing seven years' leases automatically into long leases of ten, twenty or even twenty-five years, the rent being subject to the statutory enhancement of one anna in the rupee every five or seven years. The first proposal is practically that of a lease for an indefinite period to a family so long as succession continues in the direct line and so long as some member of the family remains the cultivator of the holding, but subject to moderate enhancements of rent by order of the court on the basis of equality with the general level of occupancy rentals.

The objection which may be raised to both of these somewhat similar proposals is that their tendency is retrograde or at least purely static ; for they will do little to secure better cultivation, excepting such incentive as may be given to a small proportion of the cultivators by their retaining fixity of tenure. We are on the eve of a great awakening of interest in agriculture in India. Many forces are working towards this ; but it is a fundamental axiom in my argument that the landlord class being educated and intelligent men, can be more rapidly and effectively interested in the advancement of agriculture than the tenant class. This may not be true in all parts of these Provinces, for it depends on many factors in the social and educational development of the two classes. Looking at the question broadly, however, I feel that the State, by which I mean both the Legislature and the Executive Government, is more likely to attain results within a reasonably short time by permitting and assisting the landlord class to be the agents for improvement of agriculture than by merely giving the tenants fixity of tenure. In the latter case the great expenditure necessary to stimulate and instruct the cultivators to improve their agriculture would be a charge upon the State ; but if done through the landlords the expense will be much less. Both methods are practicable ; and might indeed be applied at the same time in different parts of the Provinces. My own view, however, is that the greater return in improved agriculture from a given amount of public expenditure will be reaped if it is made clear to the landlords that they are expected to be the agents for effecting improvements of cultivators' methods, the law of tenancy being so framed as to give them the opportunity of doing so with most effect.

Modifications of the occupancy system in which the landlord can buy out the occupancy tenant, or the tenant

buy occupancy rights, are not capable, in my opinion, of removing the objection which can be raised on principle to the creation of new sub-proprietary rights of this nature ; although of course they would lessen the objection. It is not worth while, in my opinion, to consider proposals for the purchase and sale of occupancy rights, excepting as possible expedients during a transitional period.

The principle to be kept ever before us in judging of the advantages and disadvantages of the infinite variety of possible tenures is to devise such a system as will secure in the existing social conditions, the maximum out-turn of produce of all kinds from the soil at the minimum of economic sacrifice—that is to say at the minimum sacrifice in labor and in investment of capital. Above all, therefore, it is necessary for somebody constantly to be selecting and encouraging as cultivators those men who know how to carry on the cultivation in the most efficient manner under the physical and the economic conditions of the locality. In the rural economy there can be no better person to carry on this selection than the landlord assisted by his agent, when they know their business. Furthermore, the system must be elastic, and capable of automatically adjusting itself to social changes, and to the advancing knowledge of agricultural methods.

Let me refer now to another type of proposal which has been discussed in some quarters—the idea that the State should assume the responsibility of holding the balance between landlords and tenants by undertaking the fixing of rents. Two fundamentally different principles are involved in this idea according to the nature of the proposal. On the one hand, it is suggested that the level at which the State should aid in fixing rents should be as nearly as possible at the economic rent for the time being of each piece of land. The margin

of error would be allowed in favor of the tenant ; but as nearly as it was practicable to determine the economic rent, without risk of a mistake injuring the tenant, the full economic rent would be allowed to the landlord. It may be urged, if the principle of governmental fixation on rents is admitted at all, that fixation at approximately the economic rent has two advantages : (1) it will not be necessary in practice to apply it to all estates, but only to those where greedy landlords are endeavoring to force up rents above the economic level, thereby occasioning ruin to successive tenants, who are unwise enough to pay the rent demanded. On ordinary estates managed in a conservative spirit it would not be necessary to bring the fixation into actual operation ; (2) Rents being settled at approximately the level of economic rent, there is no surplus to be disposed of except that which goes to the landlord ; consequently the competition for the use of land cannot result in various indirect payments to landlords and their agents for the privilege of securing a lease. Sub-letting will also be impossible for the purpose of the tenant retiring to live wholly or partly on the rent of a sub-tenant or on a half share of a product of his labour if he be taken as a working partner. It is objected to this principle of fixing at the economic level, that it has no effect in raising the economic status of the tenantry, for they are still left with only such earnings as are necessary to maintain themselves at the prevailing standard of living.

The alternative proposal is that rents should be fixed by the State at some level which will be distinctly below the economic rent of the land, thus leaving some surplus of the rent—the true economic rent,—to be enjoyed by the tenant. It will be observed that this second proposal involves the fixing of rents over a far larger proportion of

the agricultural land than in the former case; in fact, if any substantial proportion of the surplus is to be allotted to the tenants, rents must be fixed by State interference over practically the whole territory. The advantage of this latter course would be that the tenants would be able either to increase their standard of living, or save a little capital. They would first repay their debts and then be able to purchase better bullocks and some improved agricultural implements, to sow with their own seed and live on their own capital until harvest time. But there are also two other ways in which the surplus might be utilized by members of the tenant class. Some who have large holdings may prefer a life of comparative ease at a low standard of living; and will sub-let some of their fields or, if this be impossible under the law, would take in a partner who would be required to do most of the work. In many cases, however, the enjoyment of the surplus by the tenant will be comparatively short-lived. Excepting when an epidemic or other disaster occurs to reduce the number of the family, there will almost certainly be several children who, as they grow up, will have to be supported on the produce of the holding. In the absence of education providing the desire for a higher standard of living, the tendency will be for two or more sons to settle on the holding and bring up their families on it; so that the surplus would soon be swallowed up in supporting a larger number of persons. In the conditions prevailing in these Provinces we might perhaps anticipate that 10 per cent of the cultivators would be in a position to save money, through having small families, and would be prudent enough to do so; and that the other three classes into which I have divided the tenants might each perhaps be about 30 per cent of the whole. These figures are of course nothing more than a guess founded upon a general observation

of the people ; and they are given merely by way of illustration of what would probably happen in the absence of an efficient system of rural education and the concurrent development of industries in the towns to attract away surplus labor.

The proposal to fix rents at less than the economic level involves an interference with the distribution of wealth by competition in the direction of a transference from the rich to the poor, that is from the few to the many. It must therefore be classed as socialistic legislation. I do not mean that I object to it on that ground—far from it ; if I considered it practicable and on the whole beneficial to the country in its results I should heartily support it. I fear, however, that it would not only be difficult to carry out in practice, but that the supposed benefits are largely illusory in the present stage of the development of the country.

I do not deny that in a country where there is universal compulsory education, where the tenant cultivators have been taught improved methods of agriculture and are accustomed to prudent and thrifty habits, where co-operation in credit and distribution has taken firm root, and where a high standard of living is set by the productiveness of manufacturing industries, a direct transference of wealth from the landlord class to the tenant class may be effected by State intervention, and is probably, in such circumstances, desirable—at any rate if the landlord class is not fully exercising its true function. Those are not the conditions existing now in the United Provinces ; and it may be doubted whether they could possibly arise until another two generations at least have passed away.

I think the principal results of any such attempt to fix rents below the economic level would be : (1) the establishment of a new and costly department of Government

which would contribute nothing to the productive power of the nation, but concern itself merely with dividing the present exiguous yield of agriculture on a non-competitive basis ; or alternatively, if rents were fixed by courts, an enormous development of the judicial branch. (2) In the former case, the rents being fixed by a Government department, nothing but unpopularity could accrue to Government from undertaking such a business ; for in the case of almost every holding either the landlord or the tenant would be dissatisfied with the rent officially fixed. It is true that in the early years Government might gain popularity with the majority of tenants by fixing comparatively low rents, and at the expense of great unpopularity with the landlord class. The tenants having once got accustomed to low rents would want to have them still lower, and would become dissatisfied if they are not lowered still further. Experience in Ireland seems clearly to point in this direction ; besides it is only human nature that this should be the result. (3) The present stagnation in the progress of agriculture would be indefinitely perpetuated, unless the measure were accompanied by a really energetic propaganda by Government amongst the tenants to teach them improved methods of cultivation by demonstrations in every village, and by the advance of considerable sums in *takavi* loans or through co-operative societies for permanent improvements and purchase of improved stock and implements. The co-operative societies could only be made efficient by a considerable expenditure on a Government-paid staff ; and the progress which might be secured would be at the expense of a very considerable direct charge upon the Provincial revenues. Obviously, the landlord class would have no incentive to do anything to improve their estates or interest their tenants in improvement of cultivation and crops, unless they could be assured that as a result of such

efforts a substantial increase of their incomes would be secured. The rents fixed could, of course, be made subject to enhancement to the extent of a given percentage per annum on the capital outlay by the landlord, but here he enters as a financier only and not as a teacher and director of his tenants' work.

Let us consider for a moment the administrative machinery required for the fixation of rents at less than the economic level. In the province of Agra there are 29 millions of acres of cultivated land, and in the province of Oudh 10 millions of acres. Rents would necessarily have to be fixed throughout practically the whole of this area. It takes a settlement officer about two years to settle the revenue in an average district assisted by a considerable staff, and the cost of a settlement is approximately Rs. 3 lacs. If rents were to be revised throughout the province even once in every ten years a staff would be required equivalent to six settlement officers and assistants in Agra and three settlement officers and assistants in Oudh. The annual cost could not be less than Rs. 5 lacs for Oudh alone.

It may be urged against this calculation that settlement work consists largely in the ascertainment of rent rates and in soil classification, that the former are *ex-hypothesi* known and that the soil classification was made at the last settlement and may be accepted as the basis of rental determinations. As an indirect reply to these criticisms I would say that the fact that we may know at any time in the future the rents that have been legally fixed by previous operations of the rent-fixing staff, does not mean that we know the economic rent. It gives us no basis for revising the legally fixed rents. These could only be revised either (1) by a minute enquiry as to the prices of agricultural produce and costs of cultivation such as has been actually carried out in England in limited areas since 1917, or by admitting a

certain proportion of the land to be let freely at competition rents, thereby obtaining an index of the economic rent on each class of soil in every locality. We are faced in fact with the difficulty which economists have for many years urged against the proposals for the nationalization of land as a measure of improving the lot of the cultivator in Europe—that when all land is in the hands of the State there would be no basis for the fixation of rents, excepting the old one of free competition.

It may be argued, however, that the success with which settlement operations are carried out and revenue is settled throughout the whole district show that an officer with experience and exercising his ordinary common sense could hit upon a happy medium in the way of the fixation of rents which would not be unfair to either side. To this I would reply that it is not really a fair comparison, for the land revenue is not itself a rent, but an arbitrarily determined portion of the economic rent which the State assesses and appropriates. As a matter of practice it is found that the personal proclivities of the settlement officers enter largely into the rate of assessment. One man is apt to take a full 45 or 50 per cent of the net assets, believing it to be his duty to secure to the State the full share which traditional practice assigns to it; whilst another man believes in erring on the side of leniency and by underestimating the assets keeps down his assessment to what he believes can be paid very easily. The tendency to leniency is naturally greater in those districts where there has been considerable economic development and consequent advance in the real economic rent since the last settlement. Here the task of the settlement officer is comparatively easy: in fact he may find himself embarrassed by the necessity of showing the net assets at somewhat less than he finds them actually to be, so that he may not be obliged to assess revenue which would

produce a greater increase than the 33 per cent laid down by the Government of India as the maximum average in a district between one settlement and the next. It is easy to see the difference between settlement operations and the fixation of rents. The settlement officer can incur the odium of those who pay by assessing too heavily ; and Government prefers that he should rather sacrifice some revenue than produce a sense of grievance among the zemindar class. On the other hand, in the fixation of rents the Government officer enters as a third party, and when he pleases one party he must almost inevitably displease the other. Hence the argument that the fixation of rent is easy because Government can successfully carry out detailed settlement of land revenue is seen to be due to a superficial view.

There remains an alternative proposal—that instead of establishing a new branch of the executive Government to determine rents by *systematic* operations, it should be left for the courts to decide. Cases for enhancement of rent would come before the district magistrate as in the ordinary course at present and he would fix what he believed to be a fair rent after hearing evidence and after ordering investigation if need be. The volume of business would be over-whelming, however ; and if it were to be carried out without inordinate delays additional joint or assistant magistrates would have to be appointed, who would probably tend to specialize in this work. It would be better to follow the analogy of cases relating to irrigation for which a special class of judicial officers has been appointed—the canal deputy magistrates. By specialization we might in a few years have a body of honorable and skilled justices whose experience in the work would enable them to give judgments fixing rents with less delay and greater uniformity than could be attained by any expansion of the ordinary

revenue work of the district magistrate and his assistants. Even in this case, however, the volume of work to be dealt with by these rent courts would be enormous under the conditions prevailing in these Provinces, and it may well be doubted whether this work is not more difficult than any judicial work at present extensively practised. The present procedure in enhancement of occupancy rentals in the Agra Province is hardly a fair comparison, because of the very limited grounds on which enhancements are allowed by law, and are in practice granted. In any case, it appears to me that the addition of an enormous number of rent cases to the already abundant litigation which conditions necessitate, or the Indian cultivator enjoys, would be a social and political disaster. It would need to be justified by the prospect of an enormous economic gain ; and this, as I have already pointed out, is illusory. It may be said in fact that such a system would indefinitely postpone any real progress in agriculture, for the energies and interest of the cultivators would be centred in rent cases rather than in learning to improve their cultivation.

## LECTURE VI

### THE ENGLISH TENANCY SYSTEM

The present lecture is devoted to a description of the tenancy law of England by way of introduction to a consideration of the principles on which the tenancy laws of the United Provinces might be re-modelled. The English system is particularly worthy of attention, because the landlord and tenant system has been in operation there for a very long period under an improved system of agriculture, and the present law and practice is the result of an accumulation of very lengthy experience, both in estate management and in legislation for the protection of tenants. A long series of Acts for securing compensation to tenants for improvements and regulating ejectionment were consolidated and amended in the Agricultural Holdings Act of 1908. Before this can be fully understood, however, it is necessary to be acquainted with the usual terms of the tenancy agreements. The interesting points about these are :—

(1) That the landlord lets a farm for cultivation only in accordance with an approved system of cultivation, and rights over all timber and to dig for clay or sand or stone are reserved to the landlord, with power of entry for removal, but to pay compensation for damage done to tenants' cultivation.

(2) The tenancy is for one year certain commencing 25th March and continuing from year to year until determined by one year's notice to quit which must expire on the 25th of March.

(3) Most farms consist of both arable and pasture land, and it is provided that if the tenant ploughs up grass land a penal rent of about Rs. 500 per acre per annum for the area so ploughed up will be charged.

(4) The tenant agrees to pay an increased rent calculated at 6 per cent per annum on any money expended by the landlord on improvements made with the tenant's consent.

(5) The tenant undertakes to keep all the buildings, drains, fences, etc., in good repair provided that the landlord supplies free of charge all the requisite materials therefor.

(6) The tenant shall haul in his own carts without charge all material required for repairs whether done by himself or the landlord.

(7) The tenant shall not sublet without written consent.

(8) The tenant shall "stock, manage, cultivate, and farm the premises in a good, clean, and husband-like manner, according to the best and most approved mode of husbandry in reference to farms of a like nature ; and shall keep and leave the same in good heart and condition."

(9) The tenant is required to manure the land as specifically directed in a lengthy clause of the agreement in accordance with the quantity of grain and straw sold off the farm, the object being to maintain the soil in as productive a condition as when the tenant entered.

(10) A section specifies how the cultivation is to be carried on in the last year of tenancy if either side has given notice.

(11) The landlord undertakes to keep buildings in repair and insured against fire.

(12) The landlord, or the incoming tenant, shall pay compensation to the out-going tenant for crops, grass,

and seeds sown, for root crops fed to stock within the last year, and for any unconsumed hay and straw.

(13) A valuation is to be made at the end of the tenancy of the amount of compensation to be paid by the landlord, and the referee or valuers shall also determine what sum, if any, ought to be paid to the landlord for any breach by the tenant of the terms of the tenancy or in respect of the condition in which he has left the farm. Every valuation is to be made either by a single referee or by two disinterested persons appointed as valuers one by each party, who choose an umpire who has to be called in, in case they disagree.

This agreement is drawn up on the basis of the prevailing tenancy custom, but, of course, also in accordance with the provisions of the Agricultural Holdings Act (1908) which we may now proceed to examine.

The principal provisions of that Act are : (1) that the tenant must receive twelve months' notice of ejectment (unless he has agreed on entering to six months notice), (2) the right of the tenant to compensation for improvements, (3) the right of the tenant to compensation for unreasonable disturbance, (4) provision for arbitration according to a simple procedure. The provisions as to compensation for tenant's improvements are extremely important and are applicable with but little modification to Indian conditions. The Act divides tenants' improvements into three classes : (1) those for which compensation can be claimed only if constructed after obtaining the written consent of the landlord, for example, buildings, formation of silos and pasture land, irrigation works, improvement of roads and bridges, making of improvements of water courses and wells, permanent fences and fruit gardens, and the reclamation of waste land, (2) improvements which may be effected by the tenant, after having given two months' notice to the landlord,

if the latter has failed to undertake them himself within that time. Drainage works of all kinds come under this heading. (3) Improvements in respect of which neither the consent of the landlord nor notice is required. Examples of the last are : putting lime upon the land, and all kinds of artificial and natural manures. For all these improvements, subject in class (1) to the landlord's consent having been obtained, the tenant on leaving his holding, after having given or received legal notice to quit, can claim compensation for the unexhausted value of the improvement.

Section 8 provides that when the tenancy is a yearly one a tenant who has remained for two or more years shall not on quitting his holding be deprived of his right to claim compensation by reason only that the improvements were not made during the tenancy on the determination of which he quits the holding—in other words, so long as he is in actual cultivating occupation of the holding, the tenancy is considered to be continuous. However, the tenant is not entitled to compensation in respect of improvements other than manuring begun after he has given or received notice to quit, unless he has given notice to the landlord of this improvement prior to the giving or receiving of the notice to quit. The tenant is also entitled to compensation for damage by game preserved by the landlord : but the most important provision for our purposes is that of Section 11 giving compensation for unreasonable disturbance. This provides that if the landlord, without sufficient cause, "and for reasons inconsistent with good estate management" gives notice to quit, or having been requested at least one year in advance of the expiration of the tenancy refuses to grant a renewal, or if the landlord demands an increase of rent as the result of improvements executed by the tenant, and such demand results in the tenant quitting the holding, the tenant may demand a compensation for disturbance not

exceeding the cost of the sale or removal of his household goods, his implements of husbandry, produce and farm stock.

Section 13 prescribes the method of arbitration, which is to be by a single arbitrator under rules set out in the Second Schedule to the Act. The main features of the arbitration provisions are that the arbitrator is appointed by agreement between the parties, or in default of agreement is to be nominated by the Board of Agriculture. He may examine witnesses on oath if he thinks fit. Arbitration will be final and binding, but the arbitrator may state a case for the opinion of the county court on any question of law. In regard to vegetable and fruit gardens (market gardens) special provisions for compensation are made for particular improvements set out in the Third Schedule. The remaining provisions of the Act are chiefly formal or of minor importance for our purposes ; but it is interesting to notice that on many occasions the Board of Agriculture may be appealed to intervene. The giving of this power to a department of Government which is concerned with the promotion of agriculture is one of the important features of the Act.

Long leases of agricultural land are not often given in England ; but on the best managed estates, although the tenant legally holds from year to year, he has in practice a very fair security of tenure, provided he is a good tenant and keeps his farm in a good working condition. In any case he is now well protected by the law as regards outlays which he makes on improvements ; but there are some landlords who refuse permission for making improvements of the first class.

It is important to notice that the English tenancy system, with its useful provisions for compensation to tenants has called into existence a class of professional valuers whose

principal business is to visit farms where tenants are quitting and to make valuations either on behalf of the landlord or the tenant, or to be called in as arbitrators. These men have usually had the training of an estate agent, and have afterwards specialized in this valuation work.

## LECTURE VII

### TENANCY REFORM IN THE UNITED PROVINCES.

In the early lectures an attempt was made to survey the economic forces which affect the tenancy problem and how they might be expected to apply under the prevailing conditions. We then gained some acquaintance with the English law and practice relating to landlord and tenant; and in the last lecture I dealt briefly and critically with some of the proposals which have been put forward for reform of the tenancy laws in these Provinces. Having always in view the good of the whole community and its advancement by making agriculture more productive, we saw that any extension of occupancy rights or any fixed tenure or long lease system would be likely to hinder progress, and must be condemned on that ground. A proposal to fix rents either by a branch of the executive Government or by judicial procedure was found to involve very serious difficulties, especially if it were sought to fix rents at less than the economic rent of the land with a view to benefitting the tenants by interfering with the competitive distribution of wealth.

It remains for me in the present lecture to enter upon the most difficult part of the task which I have set myself: namely, to indicate the lines along which reforms generally admitted to be necessary, should be directed. I do not pretend to be able to give you in this short course of lectures anything like a complete solution of the tenancy problems of these Provinces. I cannot even say that I am satisfied that my present opinions as regards the desirability and

practicability of the various suggestions which I shall shortly present to you are in all respects final. There is always the possibility that a further investigation of facts and a more complete analysis of all the economic and human factors entering into the problems, may lead to some modification of opinion. For this reason I shall endeavor to give as fully as possible the reasons which lead me to put forward particular suggestions.

Recognizing the necessary limitations as to the finality of my proposals, they may yet be of value as indicating certain lines upon which further investigation and discussion may proceed. I do not think it is appropriate, even if there were time, that I should attempt in these lectures to work out in detail the specific application of the principles which I shall lay down.

It will be convenient to group the proposals which I have to make into four classes, dealing in the first with the law which should be universally applicable to all tenants-at-will and sub-tenants, in other words applicable to all those not protected by a lease or statutory right and who should be entitled, I propose, to hold as yearly tenants. In the second class will come all the questions relating to the rights of lessees and occupancy tenants and others having a sub-proprietary right, treated in this application to the existing laws of these Provinces. In the third class I shall discuss the specific measures of protection of tenants of all classes which should be provided by law, and in the fourth class will come proposals for the administrative measures for the protection of tenants.

#### *Distinction of Holdings according to Size*

No proposal which I could make would be valid, however, for agricultural holdings of all sizes and kinds. Their variety is too great for it to be possible to bring them under one rule of law without injuring the interests of one class

or another. It will be necessary, therefore, in several cases to distinguish holdings according to their size; and I find that holdings naturally fall into three classes, which play a different part in rural economy. The largest class is that of medium-sized holdings varying usually from 5 up to 50 acres in area, though in some districts the upper limit would be more like 100 acres. These are the holdings on which a cultivator normally supports himself entirely by agriculture, or at any rate in which it is the principal occupation of himself and his family. On the larger holdings one or two laborers will be employed and at times more. The traditional methods of cultivation and old-fashioned implements are employed.

The other two classes consist of holdings which on the one hand are larger and on the other hand are smaller than this big class of the ordinary cultivators' holdings. The larger holdings are generally those which would exceed from 50 to 100 acres in different districts and would each be cultivated as a single farm by a man with some knowledge of modern methods of farming and possessing some capital which would be invested in modern implements and in improved live stock. On the other hand, the smallest holdings varying from half an acre (less than a bigha) upwards are generally cultivated by artisans, laborers or other persons having some other occupation as their principal source of income. This class of tenant is not dependent for his livelihood upon the produce of his cultivation; yet it is very useful to him to have the opportunity of growing either some commercial crop, or grain or garden produce for his own consumption. He is put in a somewhat more independent position by having the possibility of making something from cultivation; and the health of his family is promoted when he can raise his own fruit and vegetables. In England these small plots of land leased to persons for cultivation in their spare time are called "allotments".

I think it is clear that all three classes of holdings are absolutely necessary to the rural economy of India. The great mass of the cultivators will continue to cultivate medium-sized holdings for many generations; though it may be held that the holdings should not only be consolidated, but that their average size should be somewhat increased. Yet as a class the medium-sized holdings must remain, and will probably, in most districts, form the greater part of the cultivable area. It is equally necessary to have the small holdings or allotments of less than 5 acres available in all villages and particularly around the small towns and in the suburbs of the larger towns. It is obvious that the proper place for these small holdings to be located is as near as possible to the *abadi*; and it would be a great advantage if all such small holdings lying within a mauza were concentrated in one place. When scattered amongst the medium-sized holdings, they will form an obstacle to the improvement of cultivation by the professional cultivators; and scattering of small holdings at a distance from the *abadi* greatly reduces their value to the artisans and laborers who cultivate them. I would therefore discourage the existence of such small holdings outside a specified area close to the *abadi* in each village; and this could be done by refusing to allow occupancy rights or automatic leases or any other statutory provisions to apply to such small holdings outside the prescribed area. The only rights which would attach to them when situated in any part of a mauza would be those accruing under the general law applying to all tenants-at-will.\*

\*There may appear to be some confusion here in the use of the terms "tenant-at-will" and "yearly tenant". The explanation is that, according to my proposal, no person could in fact remain a tenant-at-will, for every person admitted to cultivating occupation of land at all, whether directly by the landlord or indirectly as a sub-tenant, would automatically obtain the status of a yearly tenant, and could be ejected only after twelve months notice, except for non-payment of rent. In the sequel, therefore,

The large holdings should not be restricted in any way as to situation ; but their tenants, being generally men of some education and business experience, will be less in need of protection than the general class of cultivators. I would suggest that the statutory privileges, other than the general law relating to the yearly tenants, should not extend to them, so that the tenants of holdings above some limit of between 50 and 100 acres should not become occupancy tenants, nor become statutory tenants in Oudh. They would of course be free to enter into any contracts with the land-owners ; and many of the landlords would probably be prepared to grant leases on terms which would be negotiated separately in each case. It will be seen that if my proposals for the protection of tenants-at-will should be adopted the tenants of large holdings would have ample inducement to carry on their cultivation by improved methods.

The law relating to yearly tenants would apply also to every kind of sub-tenant and to every person in cultivating occupation of land who has not got some superior right. In reality there will be no such thing as a tenant-at-will. I propose that the analogy of the English law be followed so as to modify the existing practice in a manner favorable to the cultivator. It is necessary to provide for the yearly tenant : (1) ample notice before ejectment, (2) the right to compensation for improvements, (3) the right to compensation for disturbance, and (4) a standard form of yearly agreement, clearly defining his rights and obligations.

(1) The period of notice should not be less than twelve months and it should terminate at the end of the agricultural year which might be taken in these Provinces to be any date between 15th of May and 30th of June. The notice

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where the term "tenant-at-will" is used it must be understood to mean the class of tenant subject in greatest degree to the landlord's will ; and such class, if my proposals were adopted, would be the yearly tenant.

of ejectment should be served by an officer of the Court, the notice being duly entered in the Court Register together with proof of service.

(2) The compensation for improvements should follow the lines of the English law described in the last chapter. It would be necessary to divide improvements into three classes and I would suggest the following as a suitable classification :—

I. Improvements for which compensation can be claimed only if executed after the landlord's written consent has been obtained :—

- (1) Masonry wells exceeding Rs. 1,000 in cost.
- (2) Tanks, bunds, irrigation channels and works of all kinds, including pumping schemes.
- (3) Farm buildings of all kinds.
- (4) Grain pits and silos.
- (5) Fences.

II. Improvements for which compensation may be claimed if they have not been undertaken by the landlord within three months after the tenant has given notice of his intention to make the improvement :—

- (1) Masonry wells costing less than Rs. 1,000.
- (2) Drainage works.

III. Improvements for which no notice is required :—

- (1) Wells without masonry.
- (2) Spreading and ploughing in lime, ash, or any other beneficial substance on the land.
- (3) Manuring with any natural or artificial manure beneficial to the ordinary crops of the district.

It may be questioned whether granting to tenants the right to compensation for improvements of the first class will be of much advantage to them if they have to obtain the landlord's consent before the improvement is undertaken in order that the claim for compensation may be valid. The

existing tenancy acts in the Provinces of Agra and Oudh both provide for compensation for improvements when the tenant has obtained the landlord's consent; but it is said that this is almost a dead letter because landlords are so unwilling to grant permission. Their objection to granting permission appears to be based mainly upon the fact that by granting permission they would be creating for themselves a contingent liability, which might have to be met almost any year. The landlord prefers to keep himself free from such liabilities, and to make improvements with his own capital when available, and when he considers them really necessary. His view of what is "necessary" does not, of course, usually correspond with the tenant's desire. Another objection which is raised by landlords is that if they grant such permission to make improvements the tenants become more independent. If one has permission, others must have it; and they know that the landlord will not be in a position financially to pay them all out at the same time.

On the other hand, it is impossible to give the tenants the right to make permanent improvements without the landlord's consent and the right to claim compensation, except to a very limited extent; especially if, as in the English law, the tenant may claim such compensation if he himself quits the holding of his own free will after one year's notice. The provision that the tenant may make a permanent improvement after obtaining an order of the Court without consent of the landlord exists in both the Tenancy Acts; but not much use is made of it, as the tenant is afraid that he would be making an enemy of his landlord and his agents. Yet the provision that improvements may be made by order of the Court, or of some Government officer, should stand. As regards the payment of compensation when the tenant himself gives notice, I would suggest that it would not be an unfair arrangement if

he were then entitled to claim three-fourths of the cost of the improvement.

The provision of compensation for the unexhausted value of lime, manures, etc., which the tenants may have applied to the land would be a new provision in the Indian law; and it would have, I am sure, a very salutary effect in inducing tenants to use these means of maintaining the soil in a fully productive condition.

(3) The grant of compensation for disturbance would be a novelty in Indian tenancy law, as it was a novelty when introduced in England by the Agricultural Holdings Act of 1908. It is obviously expedient as well as just that the tenant should receive a refund of the monetary loss which he must necessarily suffer on being ejected from his holding, provided that the ejection is not the result of some wrong-doing on his part. Obviously, if the tenant fails to pay his rent regularly when others can do so; if he is contumacious and raises unwarranted disputes with the agent or his zilladars, or with neighboring tenants; if he encroaches on his neighbor's land or frequently injures the cultivation of neighbors by allowing weeds to spread, or his cattle to stray—in these cases he is not a desirable tenant, and he does not deserve compensation for disturbance if the landlord should decide to eject him. Ejection on account of such acts may be considered to be in accordance with good estate management. The provision I suggest is that if the landlord ejects a tenant for any reason which he considers to be in accordance with good estate management, he may apply to the Court to dispense with the compensation for disturbance; and doubtless, if the Court were satisfied as to the reason for ejection, the tenant would lose his compensation for disturbance.

As regards the amount of compensation for disturbance, it must be estimated on the presumed loss which the cultivator

will suffer by being ejected. In the first place he may lose something through the time necessarily taken up after receiving the notice in searching for another holding. When the time comes for moving he has in many cases to convey his family and personal belongings to another village, also his live stock and agricultural implements, seed, etc. Thirdly, in the first year of the cultivation of a new holding he is necessarily at a disadvantage through not being fully acquainted with the soil, and his cultivation will not be so profitable as if he had remained another year on the old holding.

When the competition for land becomes severe, it is impossible to maintain the old legal fiction that the tenant and landlord meet on equal terms and enter into a free contract. The tenant undoubtedly needs some protection; but it seems to me that in the interests of progressive agriculture this protection should not extend to giving the tenant any form of proprietary rights, but should be limited merely to securing to him the full and regular fruits of his labor. Theoretically the position should be that, even if he should suffer a capricious ejection by his landlord, he would not thereby be put to a monetary loss.

We are not, however, much nearer to settling the amount of compensation for disturbance; obviously it ought to be settled separately in every case, and this is the practice under the English Law. In India we have not yet a sufficient number of trustworthy men to act as valuers; and consequently it would be quite impracticable to settle the compensation for disturbance separately in each case. The important thing is to introduce the principle; and after it has become well-recognized some more refined method of fixing it may be evolved. For the present I can only suggest that the compensation for disturbance be fixed at some proportion of the annual rental, possibly, say, 20 per cent at

the least. This will admittedly be insufficient in many cases ; but it will also be amply sufficient in a large number of cases in which the tenant merely shifts to another holding in the same village. The effect upon the landlord will obviously be to discourage ejectment, unless there be some good reason therefor—either that the tenant commits wrongful acts of the kind specified above or the landlord considers the rent of the holding to be much lower than he could get from some other tenant. We must remember that we are dealing with tenants-at-will, or perhaps I ought to say yearly tenants because in reality I propose that all tenants-at-will should automatically have the status of yearly tenants—and in the case of tenants-at-will it is generally admitted that the landlord has a right to raise the rent to such a figure as would be paid readily by other applicants.

The question of the level of rents for yearly tenants is, indeed, one which cannot be settled by legislation. It is a question of good estate management. It is a well-understood principle amongst good landlords that they should not try to squeeze the uttermost rent out of each holding, because the highest figure which anybody will bid is in many cases really a “fictitious rent”, that is to say, one which is above the economic rent. When the rent paid by the tenant is fictitious, or above the economic level, it means that he can pay it only in one of four ways:—(1) by reducing his standard of living, which will generally impair the health of himself and his family, (2) out of some extraneous form of income, such as the earnings of his sons who may have migrated to work at industrial centres, (3) by drawing on his capital, either by selling his goods or getting into debt, or (4) by exhausting the soil of his holding by successive crops of wheat or sugar-cane without manuring or rotation. In all of these cases the tenant will get into difficulties after three or four years, and, unless prices happen to rise, will

be forced to give up his holding, or the landlord will have to forego the arrears and let him stay on at a lower rent.

Good landlords who understand their business and conduct it for the continued prosperity of their estates are unanimous in the opinion that it does not pay to endeavor to raise rents above the economic level or indeed above a figure slightly below the economic rent. If the landlord willingly foregoes a little even of the economic rent which may arise a few years after the tenant has entered a holding, he thereby gives the tenant encouragement to improve his cultivation. The landlord will get a reputation for being of a fine and liberal disposition, and he will never be in want of good tenants who will cultivate carefully and pay their rent regularly.

It is obvious, however, that in getting his estate settled with good tenants of the character just described the landlord must be free from time to time to eject the most unsatisfactory tenants. By a constant process of ejecting the worst tenants, and by the consciousness of liability to ejection which the other tenants will experience, the whole estate may in time be brought to be tenanted by industrious peasants who understand and practise good agriculture and are generally well-behaved.

(4) The form in which yearly agreements between landlord and tenant are to be drawn up ought to receive attention. It is obvious that the agreement must name the fields which are let and state their area and define the rent to be paid. The rent should be payable in two half-yearly instalments in December or January and in May or June, the second instalment being larger than the first in a proportion according with local custom. If the tenant be illiterate, the agreement should be read over to him by the patwari and, when he understands and agrees to it, he should affix his thumb impression. The agreement should

be so drawn that it runs for one year, and thereafter from year to year until 12 months' notice to terminate it has been given by either party. Provided there be no actual interval exceeding three months in the occupation of the land the tenancy thus held from year to year on one agreement is to be considered continuous, and compensation for improvements made by the tenant will be deemed to be due although made during any year of such continuous occupation.

As has been pointed out in the preceding chapter, English tenancy agreements contain elaborate provisions for securing the proper cultivation of the holding and for preventing the exhaustion of the soil. It is probably too early to do much in this direction in India as yet; but it should be practicable for landlords in some districts to insert a provision in the agreement requiring the tenant to follow a certain rotation of crops and to apply green manure to the holding, a penalty of enhanced rent being inserted if this be not done. Landlords would soon find that they could only exercise compulsion in this matter where the manuring when properly done actually proves generally beneficial to the cultivation, and the tenant would not object to this provision if he intended remaining in occupation of his holding. I think a little compulsion of this kind would be very useful in teaching cultivators the better management of the soil.\*

#### *Effects of the Yearly Tenancy System*

For the purpose of gaining a clear comprehension of my proposals it is now necessary to consider what would be the economic effects, if the system of yearly tenancies which I have just outlined were to be made applicable to all land. Let us assume for a moment something which I am

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\* Obviously provisions for manuring need not usually be enforced in the gohan or gound land; though ultimately the present advantage of the gohan might diminish through a better distribution of the available manure and water over the whole of the village land.

certainly not going to propose, namely, that all the occupancy and lease-hold rights in these Provinces were abolished ; and that in substitution therefor all tenants would in future hold land on the system of the yearly tenancies above outlined. The success of the system would depend very much upon the attitude of the landlords. If they continued in a conservative fashion keeping down their personal expenditure and therefore their demands from their tenants, it would be found to work quite satisfactorily. The incoming tenant would certainly pay to the landlord the compensation for improvements which the landlord might have to pay to the out-going tenant. Assuming him to be a good landlord he would not very often have to pay compensation for disturbance because in cases where it was manifestly right to eject the tenant he would apply to the court to avoid the compensation, and this would be granted immediately if he had a clear case. Ejections for other causes would not be frequent because, if the landlord were to seek to raise rents only when it was reasonable to do so, the tenant, being aware that his rent really was below the market value, would agree voluntarily to a reasonable enhancement rather than be ejected.

Landlords who, besides managing their estates in this conservative manner, were anxious to improve the agriculture of their tenants would have every inducement to do so. They would have freedom to select the best tenants by gradually ejecting those who failed to adopt ordinary precautions in cultivation and simple improvements stipulated for in the agreements. They could distribute good seed to their tenants, and provide them with better cattle by maintaining a stud farm in which selected animals were bred. They could invest money in wells and other improvements. Knowing the advantages of being tenants of such an estate there would be competition always amongst tenants to obtain holdings ;

and the rents could be raised to a reasonable extent so as to give the landlord a fair return on his capital and for his organizing work and personal supervision.

This pre-supposes conservative\* and enlightened landlords. There are sure to be many who are neither conservative nor enlightened, but will seek, as they do at present, to extract the highest income they can from the estate with the least trouble on their part. If the landlord abdicates his proper functions, the welfare of the community demands that he should at least have a liberal-minded and enlightened agent to represent him on the estate. The agent and his subordinates must in the first place be honest ; secondly they must understand the principles of good estate management, and the bad economy which ultimately results from raising rents to a fictitious level. They must understand how the land deteriorates, must distinguish between good and bad cultivators, and must generally work for the future benefit and prosperity of the estate. Assuming that such agents are available, the system of yearly tenancies will be workable, provided such agents are employed wherever the landlord himself does not personally supervise the estate. Without doubt it should be a duty of Government to provide the means of educating honest, reliable and intelligent men as agents and their subordinates ; and when a supply is available to insist that they be employed. Wherever such provisions failed to secure the proper management of an estate, Government should itself take over control, charging a little more than the full cost of the management, by way of a tax or penalty on the landlord for his want of reasonable attention to the duties of his position.

Let us consider what would be the aspect of the yearly tenancy system from the point of view of the tenant. To

\* The word "conservative" is used here in its original sense ; and applied to landlords it means one who "conserves"—that is keeps and preserves his estate in good order, accumulates and invests capital therein, and does not live beyond his income.

the tenant the two questions which bulk largest are the amount of rent he has to pay and the question of security. Every man likes to make a good bargain and profit by it. The lucky prospector who can take out a mining license of valuable property at a ridiculously low figure may by a few months' work make himself passing rich for the rest of his life. We are all out for these bargains ; and so is the tenant. If he can obtain occupancy rights he feels secure in the enjoyment of profits sufficient to maintain his family, and probably without the necessity of such continual hard work as might be necessary if he should have to pay from time to time an enhanced rental. Whilst, as I say, every tenant likes to make a good bargain, I think the average tenant is not averse from paying what may be considered a fair rental ; in other words, if he is a yearly tenant, he will not feel that he is being dealt with unjustly if his rent is enhanced to a reasonable extent at a time when the profits of cultivation have increased or when he has received any benefit from the landlord. If the enhancement of rent of a yearly tenant is such as not greatly to exceed the average then payable, which will be the case if all landlords follow the same practice and make general enhancements or reduction of rent at approximately the same time, the tenant will have little real cause for complaint. The trouble is that landlords at present act without agreement and even without consultation, so that there are marked differences between the enhancements made on neighboring estates, producing a sense of injustice in those tenants who have suffered from considerable enhancement whilst seeing their neighbors get off much more lightly.

*Suggestions for Immediate Changes in Agra Province*

I am of opinion that, if we had a body of enlightened landlords devoting themselves to the development of agriculture on their estates, the system of yearly tenancies with the various kinds of compensation above described could be introduced with a view to replacing gradually all other forms

of tenant rights ; and that it would be in the interest of the country so to do. At the present time, however, this is obviously impossible. It would be immediately practicable, however, to introduce the yearly tenancy system such as I have described for small holdings not falling within the reserved area, and for large holdings exceeding a limit fixed at between 50 and 100 acres. This would mean that in an amending act it would be provided that occupancy rights could not in future be acquired in those scattered small holdings or in new large holdings above that limit.

I think, however, that it is desirable to go further than this at an early date in the direction of giving landlords bigger freedom for the development of their estates. For this reason I would make it lawful for a zemindar to buy out the occupancy rights of any of his tenants or to force them to accept other land in exchange, with suitable compensation if necessary, for any reason consistent with good estate management. Thus, if a zemindar proposes to make a pukka well, and proposes to charge extra rent at the rate of 8 per cent per annum on the cost of all lands lying within the area which it can water, he should not be prevented by the refusal of an occupancy tenant to pay this additional rental. The mere fact that such a tenant could be bought out or shifted to other land, would be a means of ensuring a reasonable attitude on the part of occupancy tenants to proposed improvements, which will really work even more in their own interest than in that of the landlord. Furthermore, it is very important that no zemindar who wishes to undertake his own cultivation according to improved methods should be prevented from resuming possession of his own land by the existence of scattered fields rented to occupancy tenants. In such cases occupancy tenants do sometimes agree voluntarily to accept other fields in exchange when convinced that they will not be losers thereby ; but I feel sure it will

be in the general interest to allow the landlord the right of forcing the removal of occupancy tenants in such cases, subject to proper compensation. The purchase price for buying in occupancy rights should be calculated at about twenty times the difference between the rent payable by the occupancy tenant and the full rent which the same land would be worth if let to a yearly tenant. Such cases must be decided by a Court ; and the Court must take into consideration the purpose of the landlord's resumption and consider whether he is likely to be able to fulfil that purpose. A landlord might, for example, seek to resume a considerable area for the purposes of planting sugar-cane, and erecting a factory ; but this might be only an idea, and he might have no real chance of raising the necessary capital to carry the scheme through. He should, therefore, be required to give reasons for believing that he can carry out his purpose ; and if these are convincing, he should certainly have the right of buying out the occupancy rights.

The question of occupancy rights is really very similar to that of leases. If the occupancy rights could be abolished when needed with proper compensation, they would be allowed to accrue more freely than at present. When resumption by the landlord had thus become possible there would be no objection to allowing a tenant to purchase occupancy rights after any length of tenure. The question of the purchase price which had been paid by the tenant for his occupancy right would naturally be taken into consideration in determining the compensation to be paid to him if the landlord should want to buy them back. There is no objection whatever to making occupancy rights more freely obtainable, so long they can be more freely abolished. The whole question ultimately resolves itself into the determination of the fair compensation for tenants' improvements and for any interest with the tenant has in the land, such as a long

lease or occupancy rights, which has monetary value. Looking at the matter from the broadest point of view, we see that so long as the law and prevailing practice secure to each party the respective property in material improvements or in rights which that party has created, the interest of the country is served best by having the greatest flexibility in the permissible conditions of contract and legal right as between the two parties.

#### *Immediate Changes in Oudh*

The existing law in Oudh is a system of automatic leases with a restricted rate of enhancement of rent. When waste land is being let for the first time, or land which has been out of cultivation, or otherwise in the landlord's possession, is let to a tenant, the two parties are free to agree upon any rental ; but excepting on his *sir* land the landlord is obliged to let on a lease for not less than seven years. The tenant can be ejected by order of the Court at any time for arrears of rent, but otherwise only by a notice under Section 55 served through the Court twelve months before the expiration of the lease. At the expiration of seven years the landlord may re-let the land for another seven years to the same tenant, but the rent may not be enhanced by more than one anna in the rupee. If the tenant has been ejected the land cannot be let to another tenant at any rent higher by more than one anna in the rupee than the rent paid by the previous tenant. If the letter of the law be strictly observed, therefore, it is impossible for the landlord to enhance his rent by more than one anna in the rupee in seven years (that is 0.86 per cent per annum) however much he changes his tenants. The provision that the rent cannot be enhanced more for a new tenant than for re-letting to an old tenant was inserted in order to discourage ejectments being made for the purpose of obtaining enhancements of rent.

During the past ten years the full annual rental value of land has risen very considerably in certain parts of Oudh, perhaps partly owing to the effects of the improved communications, but mainly on account of the general rise of prices. Thus the full rental value of the land has risen until in some places it greatly exceeds the statutory maximum rental payable under the lease system. The inevitable result has been that landlords who wish to increase their income to the maximum have adopted the practice of re-letting land to the person who will pay the highest nazrana or premium on admission. Some landlords go further than this. In the belief that when the next settlement, due about twelve years hence, comes to be made the revenue will be assessed on the rent rolls, some landlords are avoiding enhancements of rent and are seeking to obtain the whole of the enhanced annual value of the land in the form of nazrana. Thus on re-letting a holding a purely nominal enhancement of one pie in the rupee may be made, which is only one-twelfth of the legal enhancement, but a heavy nazrana is charged. Although the exaction of nazrana is obviously contrary to the spirit of the Oudh Rent Act it has been held by the courts that it is not illegal.

The Oudh landlords, or some of them, have other sources of income besides rent and nazrana charged on new leases. There is the local custom by which the Talukdar receives in addition to his cash rents certain offerings in kind, such as a maund of grain or a load of straw or a pot of *gur* (sugar-cane juice) at the harvest time each year. There has been some grumbling amongst tenants because larger loads of straw, and larger pots of juice are now exacted than formerly. Then there is the *begar* or compulsory labor for the landlord's business which the tenant is obliged to render for a merely nominal payment. In some cases the landlord has the right to the occasional use of the tenant's bullock

carts and animals and his plough as well as to the man's own services. The latter are remunerated at the very old rate of one anna per day, whereas the average rate of wages for agricultural labor now is six annas per day. A few landlords have created much disaffection amongst their tenants by the imposition of arbitrary nazrana at any time when the landlords happened to require some money. It is an old-standing Indian custom that presents known as *salami* should be offered to a rajah or chief when he goes on tour visiting his villages ; and officers of all grades in the Moghul Empire received such presents. A traditional custom has been degraded and commercialized until it has become a serious oppression on the estates of some land-owners. If the landlord wants to buy an elephant a levy is made from all tenants in proportion to rent. In recent years he generally buys a motor-car, and this is provided in similar manner. The tenants speak of these exactions as *hathiana* and *motorana*. In some cases subscriptions to War Loans were exacted from the tenants without their obtaining credit for their payments.

The last mentioned arbitrary exactions, the *hathiana*, *motorana*, etc., should be prohibited by law and Government should make it well-known in the villages that payments not stipulated in the lease are illegal. It is probable that one result of the non-co-operation movement will be that the tenants in future will combine and refuse to pay the illegal exactions. The Kisan Sabhas, or peasant societies, which are springing up in many places will, if they survive the present political movement, exercise a useful function in the protection of the tenants against exactions by the landlords or their agents and subordinates, which are sanctioned neither by the law nor by custom. As regards the *begar*, some of the smaller landlords who do their own cultivation are apt to abuse this privilege, thereby creating some

unrest. It should be made possible for the tenants to apply to the Court to have the obligation to render *begar* commuted into a small annual payment to be added to the rent. The annual presents in kind of grain, straw, etc., may be left to be regulated by local custom ; though where they are a source of friction it should be made competent for the Court to commute them into a small money payment.

We have now to consider the rent and the nazrana payable on the grant of a lease. These two are interrelated because nazrana represents economically a payment of rent in advance. Thus supposing that the full rental value of a holding is Rs. 200 per annum and the holding is let for Rs. 160, nazrana may be calculated as the present value of Rs. 40 per annum for seven years, discounted, say, at the rate of 10 per cent or more per annum, as interest rules high in Indian agriculture. The way in which the landlord puts the matter to the tenant was explained to me by a landlord somewhat as follows. After having given the tenant the notice of ejectment the landlord will call him and say " your rent is now Rs. 160 per annum, but I can let your holding to any new tenant at Rs. 225 per annum. I intend to increase your rent only a little to Rs. 165 per annum so I shall be losing Rs. 60 per annum, if I let it to you at that rate. In all I shall lose Rs. 420 in the seven years. How much will you pay me in order that you may have the land at this low rent ? Other peasants are offering me Rs. 300 and more". Finally perhaps he allows the existing tenant to retain the holding on payment of Rs. 250. If the tenant has not got this, he must go to the mahajan to borrow, and he may have to pay at least 24 per cent per annum interest, making Rs. 60 per annum.

It is obvious that this system is economically unsound. It uses up all the tenant's free capital—just that money which he ought to put into better cattle, or implements or

into the improvement of his holding ; and if he has but little capital, he must borrow the whole or part of the premium. The tenant would in fact be better off if he paid an increased rental for the whole seven years amounting to 15 or even 20 per cent on the amount of the premium, and so would the landlord.

The problem of abolishing the nazrana exacted by many of the Talukdars on admission to a new lease is one of extreme difficulty. It can only be entirely abolished by removing the occasion for its payment—in other words, by prohibiting ejectments. Government has in fact already taken this course as a temporary measure by an administrative order allowing ejectments to be made only with the sanction of the district magistrate and for serious reasons. If this were followed as a permanent policy it would practically mean the grant of fixity of tenure to all existing tenants subject to their paying their rent and not being guilty of gross misbehaviour.

Such fixity of tenure is the very last thing which ought to be granted, having in view the principles explained in preceding chapters, and especially the progress of agriculture. The search for an alternative measure of preventing nazrana cannot, I think, be completely successful. So long as the rent proposed by the landlord is below the economic rent and so long as there is competition of tenants to obtain land (which presumption is strictly speaking involved in the former) there is bound to be the opportunity for the landlord to exact a premium. It is in the interest of both parties—the landlord and the proposed tenant who desires to get the land—that a premium be paid if the right of admission is granted to the highest bidder. The interest of both parties being alike makes it impossible to enforce any legal prohibition of nazrana.

Personally, I am disposed to favor the gradual abolition

of the legal restriction on enhancement of rents in Oudh, so that in the course of, say, 20 or 30 years or more the whole of the land would come to be held on yearly tenancies. This could be permitted, however, only in so far as Taluk-dars and zamindars prove themselves to be good landlords and to be conservative in their demands for rent. The protection of the tenant must remain for many years.

As the abolition of the landlord's right of ejectment is in my opinion highly undesirable, the only alternative is to provide the tenant with compensation when he is ejected for no fault of his own. The Oudh statutory tenant on being ejected at the end of his lease should be entitled not only to compensation for disturbance, but also to a further compensation for loss of prospective profits. The equity of compensation for loss of prospective profits arises from the spirit, if not from the letter, of the Oudh Rent Act, which was certainly designed with the intention of giving the tenant the benefit of the option of continuing on his holding with a new lease for a further period of seven years at an enhancement not exceeding one anna in the rupee. It must have been realised when the Act was passed that this enhancement would be often less than the increase of the full rental value of the land, and it was definitely intended that the sitting tenant should enjoy the benefit of the profits arising from obtaining a renewal of his lease at less than the full competition rent. The compensation for loss of profits ought theoretically to be calculated at the present value of the difference between the full rental value and the maximum legal rent after enhancement, but this present value should be calculated by discounting at a high rate of interest—at least 12 or 15 per cent per annum, the latter being the rate which most co-operative credit societies are charging to cultivators.

It might be worth while making an experiment in one

of the most advanced districts as to whether the calculation of the compensation for loss of profits could be actually ascertained on this basis by means of a small local arbitration court, the landlord having two representatives and the peasants two representatives, and the Tahsildar or other Government officer acting as Chairman. I am afraid there would be too much work for these courts, and that they would need expert advice, and to obtain honest advisers would be rather expensive.

So far as I can see at present, therefore, the compensation for loss of profits would be more conveniently settled for the present either by the courts or by a special Government officer. The law might, however, lay down that the minimum compensation for loss of profits should be 30 per cent of the annual rental, and the maximum 100 per cent. The field of disputes between the two parties would thus be strictly limited and in most cases the compensation would be settled by agreement. As in the case of compensation for disturbance the landlord could, of course, apply to the court to dispense with compensation for loss of profits on the ground the tenant was being ejected for reasons consistent with good estate management.

The effect of providing compensation for disturbance and for loss of profits on the two parties concerned would be as follows. The landlord who desired to eject the tenant merely for the sake of admitting another tenant and exacting nazrana, would find himself faced with the necessity of paying the court-fee equal to half the annual rental but not exceeding Rs. 25 and compensation for disturbance and loss of profits amounting possibly to more than the whole of one year's rental. If the holding were rented at Rs. 50 he might have to pay Rs. 85 altogether and could not pay less than Rs. 50. If the rent of the holding were Rs. 100 he might have to pay Rs. 145 and could not pay less

than Rs. 75. In these cases the out-going tenant would receive Rs. 25 less than the landlord paid. The heavy court-fee on ejectment was prescribed by the law with a view to discouraging ejectments; but through being limited to Rs. 25 it failed to have this effect. In equity, instead of merely penalizing the landlord, the money should be paid to the outgoing tenant. It may be suggested that the court-fee be reduced to Rs. 5 and that a fixed amount of Rs. 20 be added to the compensation for loss of profits payable to the outgoing tenant. The tenant who had received notice of ejectment should be entitled to retain the last half-yearly instalment of rent due from him, which amount would be credited to the landlord as part payment of the compensation. This would leave the tenant with a certain amount of money in hand which would be useful in case of any delay which might arise in paying the tenant his compensation as the result of dispute. This would also tend to prevent the landlord from making an application to the court to dispense with the compensation on the ground of the tenant being undesirable. The landlord ought to make this claim immediately after filing his ejectment notice so that the tenant should receive good notice of the right of withholding the last half-yearly payment of his rent having been lost by an adverse decision of the court.

I do not claim that the institution of this system of compensation would entirely abolish the nazrana, but it would certainly go a long way towards reducing it by making it less profitable for landlords and it would remove the tenant's sense of grievance.

A further measure of reform which would tend to reduce the amount of nazrana on certain estates would be a revision of the methods of assessing land revenue, together with a public announcement that such changes would

be introduced at the next settlement of Oudh. I have already explained that some landlords refrain from enhancing their rents by more than a purely nominal amount, and charge nazrana instead, in the belief that by thus keeping the rent-roll low the estate will be assessed to revenue at a lower rate in the same proportion at the next settlement. In theory the settlement officer is expected to settle the revenue at about 45 per cent of the net assets of the land. The net assets mean the whole produce of the land less the cost of cultivation, including the living expenses of the cultivator and his family at the ordinary standard of living. The "net assets" is in reality the economic rent. The actual rent may be either below or above the economic rent. It is below when a conservative landlord does not care to press his tenants to pay the utmost rent; and it is also below when nazrana is charged on admission to a lease. The rents of some holdings, particularly small holdings, are sometimes above the economic rent when a large part of the income of the family is derived from some non-agricultural occupation or from remittances by family members who have migrated to industrial centres. The family clings to the holding in spite of enhanced rent, because of a sentimental connection with the village and the social status the holding of land confers. I believe, however, that much the larger area is rented below the economic rent, and only a small area above it.

In zemindari tracts the settlement officers have been permitted to regard the rents actually paid as a fairly close indication of the net assets of the land, and as being sufficiently close to be taken as the principal evidence on which the assessment is to be based. It would have a beneficial effect if this practice were discontinued and settlement officers were instructed to inquire for themselves as to the real net assets of the land by ascertaining its' total

produce and deducting therefrom the estimated cost of cultivation. Local enquiries will generally enable these estimates to be made fairly closely though care should be taken that a normal price level is assumed in estimating the gross money produce. I anticipate, in the case of many estates, that if the revenue were assessed at 45 per cent of the net assets so calculated there would be a considerable enhancement of the revenue. If this method were adopted it would probably be desirable for Government to limit its demand to 40 per cent of the net assets of any particular zemindari estate.

If an announcement of this change of policy were made, it would at once lead to the Talukdars enhancing their rents to the full legal rent, and would thus diminish the amount of nazrana which they could claim.

.. *Administrative Control*

It may be surmised that the system outlined above would not altogether prevent the exaction of *nazrana* on a few estates inspite of its having been definitely declared to be illegal. It is true that the peasants are becoming enlightened and are banding themselves together in certain localities in the formation of *kisan sabhas* (or peasant societies). This movement, associated as it has been to a large extent with the non-co-operation movement, has in many parts assumed a lawless character. It is reasonable to hope, however, that it will lead to permanently beneficial results. The peasants are by nature a law-abiding class, who merely wish to be left to pursue their cultivation in peace. When their just grievances are ameliorated the unruly elements will find themselves in a minority, and the tendency will be for the *kisan sabhas*, wherever they survive, to interest themselves mainly in the enforcement of the law and in the checking of illegal practices.

Whilst it is to be hoped that this power of self-protection is growing amongst the tenants, it would be idle to place too much reliance on its effectiveness whilst the mass of the cultivators remain illiterate. It would appear essential, therefore, for Government to interest itself directly in the suppression of illegal practices, and this it can do only by establishing some form of special control over estates where such practices occur in the manner suggested in a previous lecture. The illegal exactions may be divided into two classes —those made by the orders of or with the knowledge of the landlord himself, and those made by his agent or his subordinates without the knowledge of the landlord. It is probably impossible to stop altogether the exaction of gratuities by the landlord's subordinate staff, for it is almost an established custom of the country that such payments should be made to subordinate officers holding authority. In the railways, irrigation canals, and other Government services the practice is wide-spread. Control would not need to be established on this account, unless the exactions were made on such a scale as to be unreasonable and oppressive.

As I said in an earlier lecture, there might be three degrees of control : (1) in the first instance, where the landlord himself is well-disposed, it would be sufficient for Government to insist that the agent and his subordinates be certificated men—that is to say, those who have had a proper training and are considered on grounds of character and reputation suitable for such positions of responsibility ; (2) in more serious cases, where the landlord himself seems to have connived at the illegal exactions, or in oppression of the tenants, control should be taken away from him entirely and the estate should be put at once in charge of the Managing Department. This assumption of control would, however, be regarded as temporary, and the landlord

would be consulted as to the policy of improving the management of his estate ; (3) in still more serious cases, where it appeared hopeless to expect the owner of the estate ever to become an efficient manager, the control would be permanently removed to the Department, and the owner would simply receive the income, which might be paid to him by the managing department after deduction of the expenses of management and of a tax imposed by way of penalty.

In the latter case the law might give Government the option of deciding to sell the estate, and the sale would be made to the highest bidder amongst the purchasers approved by Government as likely to be good landlords—the obligation for residence for the greater part of the year being one of the conditions imposed on the purchaser. The decision as to whether an estate should be put under any of these forms of administrative control would be most advantageously decided by an arbitration court of five members, composed of two representatives of the landlord class or their agents, two representatives of tenants on other estates and an independent chairman, who should be either a Government officer of the status of a district magistrate, or perhaps an honorary magistrate who was not himself a landowner. In Oudh it might be possible to have the landlord members nominated by the British Indian Association and the tenant representatives by a kisan sabha. It is undesirable that the four non-official members of the arbitration court should be nominated by Government.

It may be supposed that the management of estates decided to be put under administrative control would naturally be handed over to the Court of Wards. I do not think, however, that this would be the best course. The Court of Wards generally still manages according to the old fashioned traditional methods : only a very few of its

officers are interested in the development of agriculture, or know anything about it. Moreover, criticisms are not wanting as to the *zilladars* on Court of Wards estates behaving in a manner almost as oppressive as on private estates. I believe that a new department should be created under the control of the Director of Agriculture which would undertake the management of such estates on the most liberal and enlightened lines.

*Training of Estate Agents*

For the success of the policy I have outlined, it is an essential condition that a body of trained estate agents and subordinate officers should become available. They should be men of undoubted integrity, taught to regard their profession as one of the most honorable which they could take up. Their pay must, therefore, be adequate to all their needs : and obviously they must be efficiently trained if their work is to be economically worth a high pay.

I would suggest that Government should establish a Diploma of Estate Management for which a two years' course of study would be required at the Agricultural College at Cawnpore, and in Agricultural Institutes at Lucknow, Allahabad and Agra, which might be either Government or aided institutions having the status of Intermediate colleges. The diploma would be a necessary qualification for a man to be put in charge of any estate extending to more than 500 acres in area. The agents' subordinates, and the managers of small estates, should be required to possess a certificate which could be obtained after one year's course of training. I think that having passed the matriculation or school-leaving certificate should be a condition precedent to the admission to the diploma course ; but a lower qualification would be admissible for the certificate course. A man who had obtained the diploma should not be permitted to become the agent in charge of an estate until he had passed through a period of

probation for at least three years as an assistant to a diplomaed agent.

It is impossible to overemphasize the advantages which would accrue to the country from the establishment of such courses of study in estate agency, and of ultimately making this qualification compulsory.

*Protective Provisions in Detail*

A great deal could be done to prevent the disputes and oppression which prevail on some estates by inserting in the Tenancy Law provisions for certain business-like forms of procedure. It is most important that landlords should be required to give receipts for rent and other payments on printed forms. In Gwalior the law provides that a standard form of receipt shall be used by all landlords, and these forms can be purchased at a low price from the State Press. I would like to see such standard rent receipt forms made available in numbered books with counterfoils, these books of receipt forms being on sale at all post offices. It might be an advantage if separate forms, possibly on different colored paper, were issued for each of the two half-yearly payments of rent. This would assist the tenant in knowing that he was getting the proper receipt ; and if it were further enacted that no rent for the current half-year could be accepted until all arrears had been cleared off, the use of these separate receipt forms would go a long way to prevent disputes.

It might be advantageous also for Government to issue forms of yearly agreements and of standard leases. The latter should, however, be in skeleton form, as it would be unwise to prevent a landlord inserting covenants which might be necessary to ensure the maintenance of the land in the proper condition and to improve or safeguard the cultivation.

## LECTURE VIII

### ESTATE MANAGEMENT

The present lecture will be devoted to a general review of the various ways in which agricultural estates may be developed by the investment of capital, and the principles on which their management should be conducted. We shall take a brief survey of those means which the landlord should adopt for improving the agriculture of his tenants for securing good relations with his tenants, and generally for managing his property and his finances in a prudent and profitable manner.

To begin with, we must notice that the development of a landed estate has two distinct aspects. On the one hand are to be considered its external relations : its access to markets, its connection by *pucca* roads with a main road and with the nearest railway station or market town ; its relation to an irrigation canal or big river, and the means of draining surplus water from the estate. On the other hand, there is the internal development of the estate—the provision of water-supply, of farm buildings, and plantations of trees for fuel and fruits, and so forth. These we must consider separately ; and then we may consider how the practice of agriculture on the estate may be improved by the introduction of machinery, improved live-stock, better seed and so forth. We must then consider the business side of the management of the estate—how it should be organized, and how the improvements should be financed ; and finally we may consider the various ways in which a good landlord will seek to improve the health and general welfare of his tenants.

*External Development*

Agriculture is tending to become more and more commercial, which means to say that an ever larger proportion of the produce of the farm is being sold in more or less distant markets, the cultivator utilising the money so obtained to purchase his requirements. It is to his advantage to specialize in growing just those crops for which the soil and climate of the estate are particularly suited ; and it may be to his advantage even to sell nearly the whole of the produce of his fields, and to buy from the nearest market town the food which he requires. In any case the prosperity of the tenants will depend greatly upon their being able to dispose of the strictly commercial crops, such as cotton, sugar, tobacco and others to the best advantage. For this reason the landlord would be rendering a great service to the tenants, and incidentally would be improving the rental value of his estate, by doing everything possible to secure improved communications by road, railway and river with the big markets of the country. He should carefully study the situation of his estate in relation to main roads and to railways ; he should seek to induce the District Board to make *pucca* roads which will bear heavy cart traffic connecting some points on his estate with a railway station and also with a main road. If his property is extensive and the crops are valuable, either through the fertility of his soil or the use of canal water, it may very likely be advantageous to offer the District Board to pay half the cost of constructing the necessary road or even, in case of refusal, to bear the entire cost of making three or four miles of metalled road himself. Where the cost of metalled roads is excessively high owing to the absence of any local source of road metal, it may be more advantageous to connect the estate with the nearest railway station by means of a light railway or tramway of 2' or 2' 6" gauge, as has been done

by Rai Bahadur Ganga Ram at Gangapur in the Lower Chenab Canal Colony. Where canal water is available the landlord will be saved much trouble and expense ; otherwise he must seek some external source of water, such as the construction of a tank or *bund* upon other people's land by means of a combined scheme carried out by agreement as provided for in the Act of 1920, or otherwise he may seek to put a *bund* across some river, and pump water therefrom, paying the owners of intermediate land for the privilege. If he undertakes to supply them with a certain quantity of water on their land, this will probably be more acceptable than any practicable money payment. An outlet for the drainage of his land is of paramount importance, and he must seek the right to drain across his neighbor's land, if necessary, to the nearest *mulla*.

#### *Internal Development*

The internal development of the estate is carried out by making what are called permanent improvements. Of these the most necessary usually, where canal water is not available, are deep masonry wells. In certain districts tube-wells might prove advantageous : and the assistance of the Agricultural Department can be obtained for sinking these. The method of drawing water from the wells needs attention, but no rule can be laid down. Where the well gives an abundance of water, pumping by means of an oil engine should be adopted as this will enable a much larger area to be watered. If the water-supply is not good, water should be raised either by means of an improved Persian wheel, or, if the water-level be deep, by a *mot* raised by one or two bullocks. Various improved forms of *mot*s are available which considerably reduce the cost of raising water. The water-supply having been secured, the whole estate should be planned out in holdings of suitable size, and suitable buildings and fences should be erected. The landlord is here

faced with a decision as to his general policy in developing his estate. If he has a considerable area of *sur* land, and land let on yearly tenancies, he will probably find himself free to effect a re-arrangement of holdings with a little trouble so as to secure compact areas. He will either have a large farm which will be worked as his own cultivation on modern methods or he may divide up this free area into compact blocks which he will let to the best cultivators he can find, selecting them definitely because they are good farmers.

The landlord will be hampered in obtaining compact holdings if he has a number of occupancy tenants whose holdings consist of scattered fields. It should be his endeavor to induce the occupancy tenants to accept an exchange of fields with a view to making their own holdings compact areas and also to secure compact areas of non-occupancy land. This re-distribution of fields requires to be very carefully planned out. All the fields must be inspected and valued according to the character of the soil, water-supply, etc. ; and care must be taken to give to the tenant in exchange for the fields he gives up others of at least equal value. The tenant will gain by having his holding compact ; but it will be necessary to err on the side of being generous to the tenant ; and if he has refused to recognize the advantage of the exchange, a slightly larger area may be offered to him, or some other advantage, such as reduction of rent. In making such concessions, the landlord must be careful to see that the aggregate effect upon his rents is to increase his total income and not to diminish it ; for this certainly ought to be the financial result of carrying out a consolidation of holdings. At present the law does not enable a landlord to compel occupancy and other privileged tenants either to vacate their holdings with compensation or to accept land in exchange to carry out a consolidation of holdings ; nor is consolidation possible

where the owner is hampered by his lands being scattered amongst the fields of other owners. Legislation is badly needed to enable consolidation to be carried out in these cases in spite of the objection of a minority of owners or occupancy tenants.

The policy I would recommend to a landowner is to carry out the consolidation of holdings in such a way as to provide all occupancy tenants with areas equal to those now held, and on free land, whether *sir* land or not, he shoulds provide holding of various sizes, taking special care to have some larger holdings of 50 or 100 acres and upwards which could be rented to men who are enterprising cultivators and have learnt, or are willing to learn, improved methods.

Upon the larger holdings so provided landlords should invest some money in providing the tenant with a good house and with proper farm buildings. He will need grain pits (in dry soil) or a substantial godown for storing grain and *bhusa*, etc. He will need a cattle-shed, and a shed to store his ploughs, harrows, seed-drills and other improved implements. On compact holdings, it is a great advantage to have fields fenced in some way. Wire fences may prove too expensive ; but mud walls which may perhaps be covered with heavy ridge-tiles securely fixed on the top will usually prove satisfactory ; and the landlord may offer to pay the tenant half the cost of constructing these to the landlord's satisfaction.

I have assumed that on the larger of the compact holdings the tenant will be induced to live on the holding ; but the great majority of the tenants will still prefer to live in the village and to go daily to and from their fields. It will be the landlord's duty, therefore, to do all he can towards improving the houses in the village and its sanitation. The present custom by which the tenant pays no rent for his house and nothing for the land on which it stands

is not conducive to improvements being made by the landlord. It may be found necessary to modify this custom in some places and to charge a small rent for the house if it be substantially improved at the landlord's cost.

The landlord cannot be satisfied, however, only with improving his tenants' holdings and his own cultivation. He has to regard his whole estate as a single unit; and he should seek to devote all his resources to its development. He is a lucky man if there is no waste land, or land bringing in a very poor rent, within his boundaries. Of whatever kind the waste land is, there is some means known of improving it and making it bear crops or some useful or saleable produce. It is, however, a question whether the reclamation of such waste land will be financially worth while. In most cases it will be; but if the land is nearly pure sand, or extremely alkaline, the cost may be too high. Where canal water is available ordinary *reh* land can be turned into good productive soil, as experiments by the Agricultural Departments in these Provinces and the Punjab have demonstrated. Ravine land may be reclaimed for cultivation by small *bunds* and progressive levelling; or if very bad they may be planted with quick-growing trees as a fuel reserve. Even if there is no waste land to be planted, it is quite essential that the landlord should see that some land is put under quick-growing trees for the supply of fuel. He should encourage the tenants to cut fuel therefrom for a purely nominal charge on the understanding that they cease to use cow-dung as a fuel and utilize it for manuring their fields. He will also plant trees which produce good timber for ploughs and building purposes, and should plant groves of mango and other fruit-trees suitable to the climate, and have them properly looked after by his own agent. In these and many other ways the landlord can increase the resources of his whole estate. A large *zamindari* is indeed

a kingdom in miniature, and whilst encouraging its commerce with distant markets, the development of its own resources must be attended to.

*Improvement of Cultivation.*

The landlord, more than anybody else, can improve the standard of cultivation of his tenants ; and this by working along several lines at the same time. The tenants are not quick to learn ; especially when they are illiterate and suspicious. Moreover, they have often a well-founded objection to trying experiments. To them the failure of a crop is a terrible disaster : and they need practical certainty of success before they will venture on something new. The landlord can do little by way of direct assistance of his tenants. The majority of them will listen respectfully, but do nothing. He will probably be successful, however, if he selects one or two or the more enterprising and intelligent men from each village, gains their confidence and promises them some reward if they are successful in trying the new seed or implements he proposes. Such men, once they have succeeded with a new method, will probably of their own accord instruct the neighboring tenants of the same village. But, if necessary, they may receive some little inducement to do so.

The landlord will be well advised to have a farm of his own on which he tries all the new seeds, implements and other improvements before recommending them to his tenants. They will see that they are successful on land close to their own ; but it will need experiments actually on their own land to convince them that the cost is not too great for their own resources—in fact, that the improvements are profitable. The landlord should not farm his own land only for the sake of gaining the greatest profit by large-scale farming. If he wishes to farm part of his land in that way, well and good ; but on another part of his *sir* or *khudkasht* land he will have

a kind of central dépôt where he keeps in stock all kinds of modern implements and a small experimental farm. The man in charge of this dépôt should be instructed to admit the tenants freely and to give them all the information and instruction he can. I am inclined to think that one way of gaining the tenants' confidence is to provide them with hand machines for doing much of the laborious work carried on in the villages, such as a small hand-grinding mill for making *atta*, and chaff-cutting machines for chopping *bhusa*, and steelrolling-mills for sugarcane. If the tenants cannot purchase these machines, they should be lent to them on hire. They will certainly prove popular, and may pave the way for the specifically agricultural improvements.

There is no time for me to mention all the other improvements which the landlord may usefully introduce ; but I must refer to the great importance of improving the breed of cattle both for draft purposes and for milking. A good supply of milk is a most urgent necessity in the villages, and the development of a business of supplying pure *ghee* is likely to be very profitable. For this purpose, the landlord may encourage the laying down of pasture with artificial grasses, and the cultivation of fodder crops. He should also construct silo-pits in the villages and see to the filling of these silos with the chopped fodder under the superintendence of a trained man in his own employment.

#### *Managing Staff*

The present practice of *zamindari* management in India amounts to nothing more than an organization for collecting rents and for keeping the tenants in order, preventing encroachments, and securing the landlord's rights. The landlord employs an agent (or *karinda*) and he is assisted by one or two clerks (*munshis*). Under his control are a number of subordinates known as *zilladars*, each having charge of one village, in which he usually resides. On large estates

the agent may have an assistant who is not a mere clerk ; or the estate may be divided into sub-divisions each in charge of a *talisdar*, each having from 8 to 12 *zilladars* under him. This comprises the administrative and executive staff. The legal business of the estate is important and intricate ; and every estate extending to 2,000 acres or more will have a permanent legal representative, termed a *mukhtar*, whose business is to attend local courts and file ejectment-notices and conduct all the numerous cases in which the landlord enters as plaintiff or defendant.

In conversation with *talukdars*, *zemindars* and their agents, the impression gained is that most of their thoughts about the management of their estates are centered in litigation. They are proceeding against contumacious tenants, or being sued by tenants who claim various rights. They also get involved in suits with neighboring landowners and their tenants, and also in disputes with more or less distant relatives, claiming some share or division of the property. This I regard as the greatest tragedy of the economic life of rural India and the greatest hindrance to progress. Every effort should be made by simplification of the tenancy law and of procedure in lawcourts to avoid and curtail litigation. I believe that in Oudh a dispute involving no more than a thousand rupees can be carried through seven successive courts (Revenue, Civil and Appellate) before the question is finally settled, involving the continuous attention of both parties and much expenditure for two or three years.

#### *Training of Agents*

In the preceding lecture I advocated the training of men for the positions of estate agents and their subordinates. I believe that one advantage of employing trained and certificated men would be to reduce litigation. Instead of their fomenting disputes, as now sometimes happens, they would endeavor to prevent their occurrence ; and being men of

education they could often succeed in settling disputes by compromise. In many cases it might be possible to have disputes settled by private arbitration, calling in the agent of a neighboring estate as arbitrator.

The training of agents, such as I have described, must evidently be undertaken along comprehensive lines. The two years' diploma course for the agents themselves will need to cover a general knowledge of improved methods of agriculture, dealt with in an essentially practical spirit : a knowledge of simple civil engineering so as to design and lay out ordinary farm buildings and irrigation works ; and especially a knowledge and interest in the general development of the resources of the estate. He should also have some mechanical knowledge, sufficient to be able to supervise the trained *mistri*, who must be kept on the estate for the repair of the modern agricultural implements belonging both to landlord and tenants. The agent must also understand the proper keeping of accounts and the finance of investing capital. He must also have a little training in orderly business methods so as to be prompt and systematic in his dealings with the tenants, and so that he may keep all papers properly filed, and be able to conduct correspondence and give proper instructions to the *mukhtar*.

## LECTURE IX

### GENERAL POLICY

A reformed tenancy system on the lines indicated in a previous lecture (number VII) will not confer so much benefit as we hope upon the tenant, or prosperity on the country at large, unless it be accompanied by vigorous action in other directions for the improvement of agriculture and the status of the rural population. The Legislative Council should give its earnest attention to a big series of measures for the amelioration of the rural population.

I pointed out in my first lecture that no permanent improvement of the condition of *ryots* was possible without raising their standard of living, for the population would always inevitably increase and thereby swallow up any portion of the produce of the land which might be transferred to them. We have, therefore, to consider by what means the standard of living can be raised, and shall find at least four distinct methods presenting themselves which should all be adopted simultaneously.

(1) The most direct method of raising the standard of living is by education ; and this has two distinct aspects : (a) general education which will stimulate the wants of the people and give them the idea of a higher standard of life, (b) education and industrial training with a view to making labor more productive, in other words, to provide the means of satisfying the new wants which the general education develops. The productive education would take the form of giving to the instruction in rural primary schools what is called an agricultural color : and a number of agricultural middle schools should also be established.

(2) It is essential to make labor more productive by increasing the proportion of land to labor—in other words, by increasing the average size of the holdings per person employed in cultivation. This necessitates providing more land or, what comes to the same thing, bringing into full use land which is now used only to part of its full capacity. The extent of waste lands in India which are not even bearing forests is extraordinary ; and these can be re-claimed and improved in various ways now well understood. Particular attention should be given to ravine lands and *alkali* lands. Many stretches of sandy country could also be made fertile by a few years of proper treatment, the crops being well manured for the first years. There are lands over-run with weeds, and so-called pasture land, which are mere deserts and should be put under fodder crops.

Besides the waste lands which yield practically no return there are large stretches of land in private ownership which are much under-developed and yield but one-tenth or one-eighth of what they might do. It is characteristic of many Indian landowners that they do not seem to care whether their land is being properly used or not. So long as they get the rent to which they have been accustomed for many years past they will allow much of it to lie uncultivated, and the rest to decline in fertility. The wealth created by agriculture started in England all her industrial advancement ; and it is safe to say that if English landlords had shown this indifference to the proper utilization of their land, England could never have achieved the extraordinary progress of the last century.

The remarks which I have just made apply to areas of land of all sizes, there being many comparatively small holdings which are themselves neglected. There are places where there are large areas of waste land amounting to several thousands of acres in a compact block, and special

schemes should be devised for reclaiming and colonizing them. I would suggest that Government should encourage private enterprise to take up such colonization schemes on waste land by granting liberal financial assistance by way of mortgage loans which would be advanced by stages as the improvements were carried out. •

(3) Whilst the development of waste lands will obviously provide room for the emigration of cultivators from surrounding districts, there is another line of economic development which will be more fruitful in making labor more productive. —I mean, the investment of more capital in the land already under cultivation. The permanent improvement of lands has been the burden of my lectures : and it is unnecessary here to repeat a description of the various works by which this is achieved. I am concerned to emphasize that the investment of capital in the land has the result of making the existing labor more productive and also of giving employment to more labor : consequently the investment of capital in the land has just as useful results from the point of view of national economy as bringing more waste land under cultivation.

The raising of the standard of living also results from making labor more productive by investing capital in the operations of cultivation as well as in the permanent improvement of land. Capital invested in better cattle and other live-stock, in keeping and distributing stocks of improved seed, and in agricultural implements and machinery will not only bring a considerable profit to the farmer, but will also result in the payment of a higher rate of wages—in technical language the marginal productivity of labor is increased by this investment of capital.

(4) The last, but not the least important, are the methods of raising the standard of living by the development of industries. By this I mean large scale production in the

mining and metallurgical industries, the development of hydro-electric power schemes, as well as the building of power driven mills and factories in those cities which become industrial centres. It is not to be supposed, however, that the development of urban industries alone is important : it is nearly of equal importance to develop rural industries. This will take two directions : in the first place, the introduction of machinery, largely driven by hand or bullock power, for carrying out the simple operations of the villages ; and on the other hand, the introduction and fostering of suitable cottage industries, such as the knitting of hosiery, and making of toys which the peasants can carry on in their spare time. Every device which makes labor more efficient, or enables people to work in what would otherwise be waste time, increases the total production of wealth and tends to raise the standard of living.

I am not here concerned with the development of urban industries, excepting to point out that their healthy growth will have a reflex action upon the standard of living of the cultivating classes, and this in two ways—partly by attracting labor, from the agricultural districts and thus forcing cultivators to adopt more efficient methods of employing labor, with the use of machinery, and partly by making manufactured commodities of all kinds cheaper for the rural population to purchase.

#### *Limits of State Aid and Intervention*

I revert, therefore, to the general problem of the direct improvement of the condition of the rural population ; and I propose now to discuss the extent to which it is necessary that the State should take the initiative therein. It appears to me to be the function of the State to adopt every measure which it can to promote the improvement of agriculture. In pursuing this aim it is important to work in three distinct directions at the same time : (1) by stimulating

agriculture by direct assistance in research, demonstration and distribution of seed, rendering technical advice available and so forth, as is now done on a limited scale by the Agricultural Department, and by agricultural education ; (2) to seek to remove obstacles to the progress of agriculture, and (3) to render indirect assistance, as in the matter of finance. The first of these methods requires a great extension of the operations of the Agricultural Department, which is organized at present on a painfully inadequate scale. When one sees the huge organizations which Government creates and maintains for the defence of the country, for the police, the railways, and even the irrigation canals. the conviction grows that the agricultural activities of the State can only be made commensurate with the needs of the country by organizing upon a similar scale a department which shall permeate the whole country, so that it has thousands of stations with officers situated in every *parjana* and even in every group of villages.

I come next to the indirect State action for the removal of obstacles to improvement. The most important of these has been already indicated—I mean the establishment of a Tenancy law carefully thought out with the object of giving inducements both to landlords and cultivators to pursue agricultural improvements to their own advantage. Other lines of progress must be followed, however. The State has assumed responsibility for the supply of water through canals over a large area ; but it has not sufficiently realized the advantages which would accrue from undertaking large drainage schemes in a similar manner. It is true that in certain tracts watered by canals, where the land has tended to become water-logged, the Irrigation Department has devoted much attention to drainage, and important main drains and feeder drains have been constructed. Yet it may be confidently said that there are many parts of the country

not watered by canals which suffer severely from water-logging during the monsoon season, thus generally lowering the fertility of the soil. In these districts main drains and feeders passing close to all villages need to be constructed. I think this work ought to be undertaken by a Government department; but interest on the capital outlay may be realized by a cess collected through the district boards and levied upon those lands so situated that they may benefit by the drains constructed. The initiative should be with Government, however, and not be left to the district boards, or nothing will be done. In England drainage schemes have been extensively carried out by the larger landlords; but Government has recognized the importance of stimulating and assisting them, and for this reason considerable sums of money were advanced by Government in the first half of the nineteenth century both to individuals and to groups of landlords and to local authorities. Waste lands in England, for example, fens and bogs, have been reclaimed by companies which carried out drainage schemes, sometimes with Government assistance. In India, besides the drainage schemes which are needed to be carried out by Government, a policy of making loans to the larger *zamindars* for drainage purposes cannot fail to be advantageous if expert advice be made available for their execution.

The making of permanent improvements is very largely a matter of finance. A few *zamindars* possess sufficient free capital of their own for this purpose, if they could be induced to invest it; but on the other hand, there are many whose estates are already encumbered and who save very little out of their incomes. Government already has arrangements for assisting the finance of improvements of many kinds by the advance of loans through the Agricultural Department. It may be questioned, however, whether the time has not arrived to establish what is known

in other countries as a "Land Mortgage Bank", the special object of which is to make loans to land-owners for executing permanent improvements beneficial to agriculture. Such a bank, if established on a large scale, would advance money at about 7 or 8 per cent interest, being 1 per cent higher than it paid on fixed deposits. Existing mortgages at high rates of interest could be paid off, and additional money advanced, whereby the improvement of the estate could be begun. The plans for such improvements would be approved by an agricultural engineer as adviser to the bank, and this would be of advantage to land-owners in preventing the possible waste of capital through their undertaking works which had been hastily considered or improperly designed. In Germany and other European countries such "nobles' banks" or "landed proprietors' mortgage banks" have been in existence for nearly a century. In England they do not seem to have been so necessary, for big insurance companies and other financial institutions have been ready to lend money to landed proprietors for long periods on satisfactory terms.

A great difficulty in the way of successfully promoting land mortgage banks in India, and in fact a difficulty which hampers the investment of capital in the land in all directions, is uncertainty of title. The law of succession, both Hindu and Mahomedan, leaves many openings for unforeseeable claims to a share in the property to arise at any future time. If any such claim be put forward it may either invalidate the sale or mortgage of the land, or the claimant may force the purchaser or mortgagee to pay him a share of the property in capital or income. Many of the joint-stock banks which in former years frequently advanced money on mortgage of land have suffered heavy losses in costly litigation to defend their titles; and they have now very properly almost entirely discontinued

advancing money on the mortgage of land. In any case, it is not a bank's business to lock up money in permanent mortgages ; and the risks connected with uncertainty of title make such business doubly undesirable. Even the private capitalist is none too ready to lend money on mortgage to strangers ; and the high rate of interest required is accounted for partly by the risks attaching to such transactions, as the title cannot be guaranteed secure. I cannot over-emphasize the importance to the prosperity of agriculture and industries in India of undertaking legislation which would have the effect of removing, or at least mitigating, this uncertainty of title.

Another great reform which seems essential to the economic progress of the country is to modify custom and law in such a manner as to discourage the sub-division of the control of landed property amongst the heirs of the owner on his death. When a man with four sons dies, each of them succeeds to a one-fourth share of the property ; and each usually insists on having a perfect partition of the land so as to have his share under his own direct control. Very largely this is a social custom which can only be modified by the general spread of education and by the opening of alternative occupations for some of the sons. A similar law of inheritance exists throughout France and Belgium and has led there to a considerable sub-division of holdings. In recent times this tendency has been checked by the migration of the younger sons to industrial occupations, one of the sons, often the eldest, either manages the property on behalf of others, paying them their share, or more usually he manages to accumulate a sufficient capital out of the profits of his cultivation to buy out the other heirs. There are many people who argue in favor of the introduction of permissive or even compulsory adoption of the law of primogeniture with a view to avoiding sub-division of

landed property in India ; and primogeniture is the rule in *talukdari* estates in Oudh, and in farms held for special purposes in the canal colonies of the Punjab (especially the Upper Jhelum colony) ; and a permissive law for this purpose has recently been passed in the Agra Province. It is doubtful whether the legislature can do anything further ; but social reformers will be doing a service to the country in trying to establish a custom of avoiding in various ways the further sub-division of land.

In conclusion, I would ask you to notice that the various measures of reform which I have mentioned in this lecture are all necessary as auxiliaries in the promotion of the general economic welfare of the country. In this course of lectures I selected two particular lines of reform for detailed discussion, especially in their economic aspects, namely, tenancy law and estate development. These I selected not only on account of their present interest, but also because they appear to me to be precisely those lines of advance which promise the greatest fruits in enhancing the welfare of the people of India. Furthermore, it is these very subjects—the economics of tenancy law, the improvement of land, and the principles of estate management—which are so little understood in this country.

The backwardness of India in the practice of agriculture and everything which assists therein is both lamentable and remarkable. Considering the extraordinary advance in education of a literary character and the rapid growth of universities ; considering the progress in introducing western industries on a large scale, the backward condition of agriculture is undoubtedly a reproach to the country—a reproach to the Government and a reproach to the people. It is for the latter to arouse themselves to an understanding of the supreme importance of agricultural prosperity, to learn the paths of progress, to adopt a new ideal and to be

willing to make sacrifices for its achievement. This they can do in the sure conviction that the future greatness of India in the world of nations depends upon the progress of agriculture more than upon any other single activity. The production of ever increasing wealth from the soil will create a demand for manufactured goods of all kinds—trade will be stimulated and capital will be accumulated. By advancing in agriculture, India will also advance in industries. Her millions, being thus assured of their daily bread, will have the opportunity of advancing in knowledge and culture. Thus will India achieve her heart's desire and stand equal with the greatest nations of the world.

## APPENDIX

In delivering the lectures published in this volume it was not practicable to refer to the various books and documents which I had selected. It seems desirable, however, that I should indicate briefly the literature on which I have relied and give explanatory remarks as to the information to be derived from each book. It is impracticable to print an exhaustive list, and so I select those books on which I have relied more especially. Books relating to England and foreign countries are given in the first list. They are all available for reference in the Library of the University of Allahabad; and all the modern books can easily be purchased from England through a bookseller. In the second list I mention writings relating to India, and more particularly to the United Provinces, which have a bearing on the subject of my lectures.

### I

**Rural Reconstruction in Ireland.**—By L. SMITH-GORDON and L. C. STAPLES. (P. S. King & Son, London. 1919.)

Chapter II is devoted to land legislation in Ireland. Legislation in favour of the tenant began in 1870. The Act of this year applied particularly to yearly tenancies up to the value of £100. The tenant of Ulster was guaranteed a certain fixity of tenure; and in case of arbitrary ejection was entitled to compensation for disturbance as well as for improvements. Judicial machinery was provided for determining such claims to compensation. A more thorough and extensive Act was that of 1881, which for the first time introduced the principle of definitely recognizing fixity of tenure and the determination of a fair rent by the county

courts and the reconstituted Land Commission. The tenant was also granted power of sale of his lease.

“ Yet despite the liberality of the law of 1881 and the enthusiasm of the Irish people for the reform, its success was far from realizing the hopes which were based on it. Agitation, punctuated by agrarian crimes of every description, continued. In 1886, the publication of the Plan of Campaign intimated that the tenants were bent on having things even more completely their own way. In case rents were considered unfair, there was to be a general no-rent strike on the estate in question, and the amounts withheld were to furnish the means for obtaining further concessions. Nor did attempted improvements of the law in 1887, 1891 and 1896 have appreciable results. Nevertheless, up to March 31, 1914, determinations had been made by civil courts and the Land Commission in respect of 410,150 cases. Of these, 295,673 were for the first period of fifteen years, 111,794 for the second, and 2,683 for the third. These represent a very considerable proportion of the total land holdings in Ireland. And the fact that already a very considerable number of third-term determinations have been made indicate that this legislation is still of importance.”...

“ Laissez-faire had produced in rack-rents an intolerable situation ; governmental control under a system of judicial rents had a hardly more satisfactory outcome.

“ The reasons for this failure are not difficult to discover. In the first place, the landlords had a grievance. The judicial rents represented decreases over the previous payments averaging 20, 19, and 9 per cent for the three determinations. It seemed a legal confiscation of property, for in many cases the income of the owner was all but completely absorbed. Nevertheless, no measure of Irish reform could be withheld on that account. Irish conditions were so serious as to merit unusual treatment.

Vested interests can never continue indefinitely to prey on any community ; they must sooner or later suffer a reaction proportionate to their privileges. So long as the judicial represented a decrease over the competitive rents, this legislation was naturally popular with the tenant class. But it was not clear what the attitude of the tenants would be in the event of a market of rising prices. The measure of success attained by the rent-fixing legislation was the outcome of its incidental or particular results rather than a justification of its principles. On this account, rather than because of any paucity of results, the law of 1881 must be looked upon as a failure. The rents were not fixed upon any particular or just principle. The decreases bore no real relation to the fluctuations in prices. What was determined was not so much a judicial as a popular rent. Out of this lack of a sound basis for the determination developed a dangerous abuse, calculated not to strengthen Irish industrial character as was necessary, but in fact to weaken it further. A most important factor in the determination of the rent came to be the evident prosperity of the tenant. One of the chief abuses of the rack-rent system reappeared in a new form. Thus of two brothers on similar holdings, the more lazy and inefficient paid a lower rent than the more enterprising. Not productivity, but production, and more especially the evidences of production at the fifteenth year, were the determining factors. The decrease in agricultural prices during the eighties was a great spur to increased efficiency of production in other countries, hastening the introduction of scientific agriculture, up-to-date machinery, and better methods of business organization. But in Ireland this quickening impulse was not felt for the reason that the depression was met largely through the decrease in rents. The attempt to put the landlord-tenant system on a fair basis by artificial means evidently did not

meet the situation. A more comprehensive and revolutionary form of legislation was demanded."

State assistance in the purchase of land by the tenants was recognized as early as an Act of 1869, and reaffirmed in the Acts of 1870 and 1881; but the tenants usually could not provide the one-fourth of the purchase price and the heavy legal costs of transfer. The Act of 1885 provided a large fund for advance of loans to tenants at 3 per cent interest and 1 per cent sinking fund. The Act of 1891 provided for the purchase of whole estates from the landlords by the issue of Irish Land Stock. However, the Land Stock rapidly fell below par and the terms of purchase became unattractive to landlords. This resulted in the Acts of 1896 and 1903. Finally in 1909 an enormous sum of money was paid as a bonus by the British Government to the Irish landlords to induce them to sell their land on terms which enabled the tenants to buy the land by means of an annuity for  $68\frac{1}{2}$  years including interest and sinking fund, which was no greater than the reduced rentals the tenants were already paying.

"The actual result of the Land Purchase Acts in Ireland has been to create a country of peasant proprietors. By March 31, 1915, nearly 300,000 holdings had passed into the hands of their occupiers. These represented nearly ten million acres of land. At the same time, an additional 100,000 holdings of over three million acres were in process of negotiation. Together these comprised more than three-quarters of the soil of the country. A sum of nearly £100,000,000 had been advanced by the Government in order to achieve this remarkable result. Ireland has, it is true, not yet seen the end of agrarian legislation. There have already been several efforts to amend further the Act of 1903. Of the proposals made, the most important seems to be the extension of compulsory sale throughout the

country. Such a measure, however, would be a last resort against a small and recalcitrant minority. The effects of the present heavy issues of Government securities at a high rate of interest is another matter which will inevitably require adjustment after the war. On the whole, however, the problem of agrarian tenures in Ireland has been solved. The Irish problem is now chiefly a problem of small peasant proprietors."

Many interesting details are given in this book which cannot be quoted here; and there is also a description of the remarkable work done by the Congested Districts Board.

**Land and Labour: Lessons from Belgium.**—By B. SEEBOHM ROWNTREE. (Macmillan & Co., London, 1911.)

This is a very remarkable economic and social study of a small but thickly populated country. The land system of Belgium is described and its economic results are considered. In Part I there are chapters on the history of land tenure, the number of land-owners in Belgium classified according to the size of their holdings; the laws of succession and inheritance and methods of land transfer. In Part III, which is devoted to agriculture, we find the first chapter devoted to a description of the small holdings, which are characteristic of a large part of the country. Three-fourths of the smallest cultivators are tenants, and only one-fourth own their holdings; yet there is no obvious difference between the efficiency of cultivation in these two classes of holdings. Belgium suffers like India from the continual sub-division of holdings on account of the law of inheritance by which people divide the property in equal shares; and although the State has done something to encourage consolidation by exchange of fields, a large proportion of the holdings still consist of a number of widely scattered fields. The disadvantages of this are graphically set forth.

We find that, as in India, the sentimental desire to be a land-owner, induces peasants to purchase small plots of land at inflated prices. There are, however, four features of the agriculture of Belgium which are different from those of India : (1) the peasant has learnt, and with the assistance of the State Department of Agriculture continues increasingly to learn, improved methods of cultivation ; (2) the Landlords are men who themselves understand agriculture and are therefore reasonable and helpful in their dealings with their tenants ; (3) there are many big towns and industrial centres in which there is a demand for fruit and vegetables, and other garden produce, and much of such produce is exported to England. Poultry and dairy farming are important for the same reason. (4) There are active agricultural credit societies and co-operative purchasing and sales societies.

The other chapters on agriculture deal with the methods of letting land ; the common lands of Belgium ; the price and rent of land ; woods and forests ; market gardening, crops, live-stock ; the agricultural population ; agricultural education ; and co-operative societies. In Part IV the influence of means of transport, and especially the development of roads and light railways, on agriculture is discussed ; and the system of taxation.

Other parts of the book deal with the standard of life, and the social conditions, housing, etc., of both the agricultural and industrial classes. The author has collected a great mass of original statistics, which are set out in a clear and graphic manner. The book certainly ought to be studied by all those interesting themselves in the welfare of rural India. It is valuable as affording examples of how a country has progressed in spite of difficulties similar to many of those existing in India ; and it is equally valuable as suggesting many possible fruitful lines of enquiry in India.

**An Economic History of Russia.**—By JAMES MAVOR.  
2 volumes. (J. M. Dent & Sons, London. 1914.)

This comprehensive work contains several chapters tracing the history of the agrarian movements from the first efforts to ameliorate the condition of the serfs to the great Emancipation Act of 1861. Previously the greater part of Russia had been in the possession of landlords on whose estates the peasants were settled as serfs bound to their masters and with no proprietary rights in any land. In return, for compulsory service (*begar*) rendered to the landlord they were allowed to cultivate fields which were re-allotted from time to time. The general principle of the Emancipation Act was to turn them into fixed-rate permanent tenants of the land owners. The lands of each village were divided between the land-owner and the peasants, the former usually getting from one-fourth to one-third. This was land which he could cultivate or let out as he pleased. The remaining land was divided amongst the peasants, the area of land granted being proportionate to the number of male workers in each family, and it was subject to a fixed rent payable to the land-owner. Various special arrangements were made in different parts of Russia. The peasants were entitled to commute their rents at a certain purchase price and some State assistance was given. The system established by the Emancipation Act appears gradually to have become economically unsound, owing to the growth of population, and during the past twenty-five years agrarian unrest has been chronic. The Author describes in the second volume the condition of the peasantry and the agrarian problem in 1905. The whole system has been swept away by the Revolution of 1917.

**Systems of Land Tenure in Various Countries.**—  
Essays published by the Cobden Club. (Macmillan & Co.,  
London. 1870.)

Although this book is much out of date it contains useful information as to the former condition of land tenure in France, Germany, Belgium, Russia, Ireland, the United States, and other countries. There are eight different authors who express various opinions about the systems of land tenure which they describe. In Germany the landlord and tenant system flourishes, particularly in Prussia ; but in various parts peasant proprietorship also exists. France is essentially a country of small peasant proprietors. The ease with which land can be transferred is a factor of success in peasant proprietorship both in France and Germany ; but I may point out that it has to be remembered that the maintenance of the standard of living of the peasant population depends in France on the fact that the population is stationary in numbers and in Germany on the enormous and rapid growth of industries, and the consequent attraction of labor to the towns.

**English Farming : Past and Present.**—By R. E. PROTHERO. (Longmans, Green & Co., London. 1912.)

This is one of the best of numerous books dealing with the history of English Agriculture. The Appendix contains an interesting bibliography of early books on agriculture down to the year 1700 and numerous tables of statistics.

**A Pilgrimage of British Farming.**—By A. D. HALL. (John Murray, London. 1913.)

This book gives a remarkable picture of farming in all parts of the United Kingdom as carried on immediately before the war. The small holdings of Wales, Scotland and Ireland as well as parts of England are described equally with the large commercial farms. Market gardening, dairying, agricultural co-operation, the effects of rising rents, and many other topics are dealt with.

**The Disappearance of the Small Land-owner.—**  
By H. JOHNSON. (Oxford : Clarendon Press. 1900.)

A small book, giving much detailed and interesting information as to the changes of land tenure which have taken place in England, especially during the past two centuries.

**Agricultural Tenancies.—**By C. E. CURTIS and R. A. GORDON. (Crosby Lockwood & Son, London. 1910.)

This is a very practical and complete book on the agricultural tenancy system of England. The Appendix contains the Agricultural Holdings Act of 1908, and a number of other Acts and rules in force in the United Kingdom.

**Estate Economics.—**By ANDREW SLATER. (Constable & Co., London. 1917.)

**Land Drainage.—**By J. L. PARSONS. (Myron C. Clark Publishing Co., Chicago. 1915).

These are typical of a large number of books which have been published in recent years in England and America on the permanent improvement of agricultural land. They indicate how the study of this important subject should be developed in India.

**Encyclopedia of Agriculture.—**By J. C. LOUDON. (London. 1831).

This very interesting and comprehensive book, written at a period when English agriculture was already far advanced, contains in Part III a detailed description of the permanent improvements of farms, a complete treatise on estate management, and a description of the relations of landlord and tenant, in reading which it is to be borne in mind that no legislation for the protection of tenant had then been enacted in England. This book, like many others

of the early works on agriculture of England, is of great interest by way of comparison with the conditions prevailing in India, the reason being that the mechanical appliances adopted in the last fifty years by farmers in England, and which attract so much of the attention of the public were then wholly absent. We see how much improvement can be effected merely by the intelligent use of the resources of the locality.

**Estate Management.**—By C. E. CURTIS. (Horace Cox, "The Field" Office. 1911.)

This is a standard work on estate management and gives an excellent idea of all the duties connected with the management of landed property. The principles must be the same in India, though the particular trees and crops are different and so also will be the design of the buildings. The book has chapters on Letting and Leases, Farm Valuations, the Management of Wood-lands ; the laying out and management of the home farm, on repairs, and the avoidance of pests on wheat and other crops. A Supplement treats of the law relating to landlord-tenant and to land agents. The book contains a typical agreement, and a reprint of the Agricultural Holdings Act of 1908 with full explanations.

## II

**The Bases of Agricultural Practice and Economics in the United Provinces, India.**—By H. MARTIN LEAKE. (Macmillan & Co., 1921.)

This book is a very important contribution to the agricultural economics of these Provinces. The ownership of land and the relations of landlord, tenant and the State are discussed, as well as the *zamindar's* rôle in the development of agricultural operations and the means of supplying

capital to the agricultural industry. The problems of marketing and power receive attention, as well as the economic and physical conditions affecting cultivation and the other operations of agriculture.

**The Revenue Administration of the United Provinces.**—By W. H. MORELAND, I. C. S. (“The Pioneer” Press, Allahabad. 1911.)

After an historical introduction, deals with the tenancy legislation of Agra and Oudh, and describes the land records system, the village field and proprietary registers, etc., and the organization of the revenue and record staff.

**Notes on the Agricultural Conditions and Problems of the United Provinces.**—By W. H. MORELAND, I. C. S. (Government Press, U. P., Allahabad. 1914.)

A mass of descriptive details of the districts separately, with a general Introduction.

**The Agriculture of the United Provinces.**—By W. H. MORELAND, I. C. S., C. S. I. (Government Press, U. P., Allahabad. 1912.)

The best description of the agriculture of these Provinces, with a chapter on the management and improvement of estates.

**The Ideal System of Land Tenure.**—By BRIJ GOPAL BHATNAGAR, M. A. (Proceedings of the Conference of the Indian Economic Association, 1920-21, in “Indian Journal of Economics”, Volume III, Part 4, 1921. Published by the Head Clerk, Economics Department, The University, Allahabad.)

This paper, read at the Allahabad Conference of the Indian Economic Association, advocates the landlord system

as advantageous to the country, which can thus have an cultured leisured class.

**The Way to Agricultural Progress.**—By D. S. DUBEY. (Thacker, Spink & Co., Calcutta. 1921.)

Deals with the whole problem of promoting agricultural progress and briefly with tenancy questions.







